Business India

the magazine of the corporate world

March 6 to 19, 1989

Rs. 6

Election Budget

Clever but uninspiring

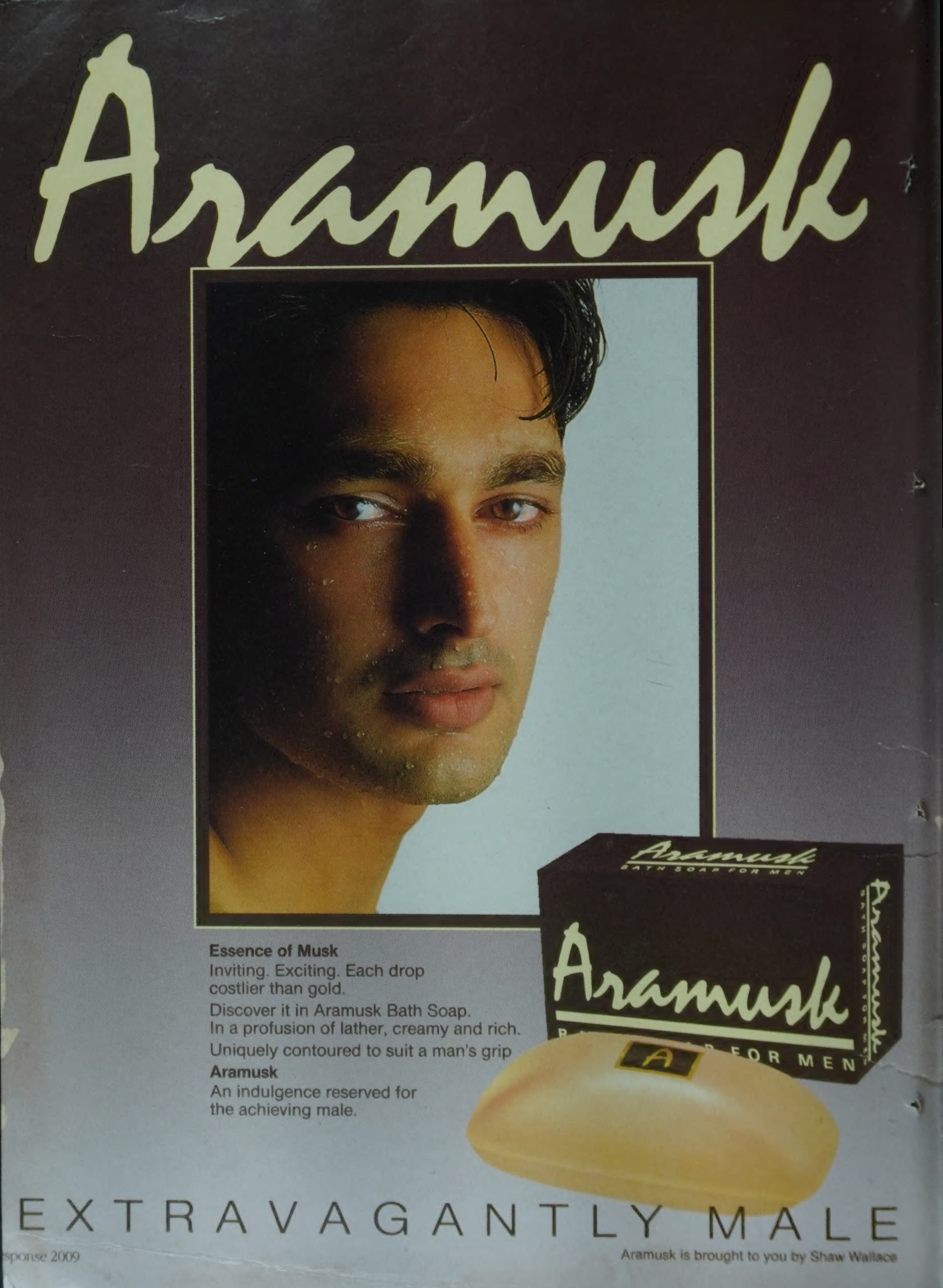
INSIDE

Oil Exploration: Private sector gets a toehold

Women: The invisible workforce

Metal Box in dire straits

Double Cola's lost fizz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March 6 to 19, 1989

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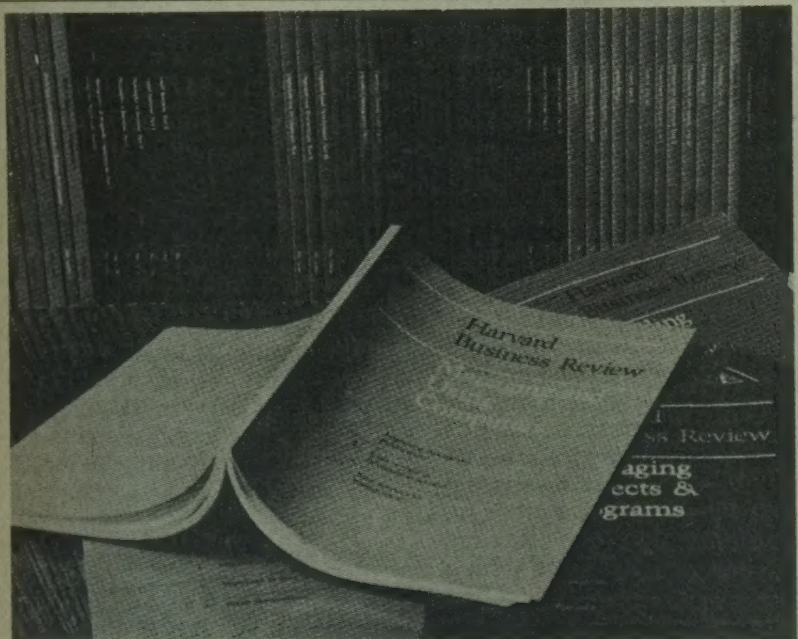

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LETTER FROM THE PUBLISHER

This year's budget has been very cleverly crafted. Given that it is the last budget before the elections, it has, much to most people's surprise, avoided the temptation of the most blatant populist measures.

In various ways, the budget is more remarkable for what it does not do rather than what it does. To start with, the liberalisation measures have not been given up, nor have imports sought to be contained by savage duty hikes. Sops have not been thrown at every section of the electorate. There have been no significant concessions to industry or the capital market. Nor a surge in the deficit. Nor has there been any rise in defence expenditure.

But given the economic conditions prevailing, the finance ministry has carefully designed a series of revenue raising measures also in keeping with the longer term economic objectives of the government.

There are of course several positive steps taken, which are steps in the right direction. The equity-linked scheme will boost the capital markets. Similarly, the concessions on housing loans, are steps in the right direction. The new conveyance valuation is a welcome relief to salaried executives.

But it is important to remember that while such steps are welcome, on the whole there is no major restructuring brought about in the budget. Finance ministry officials are quite clear that the budget cannot be expected to bring about such restructuring within the economy. However, not only in India, but also elsewhere, the budget is an opportune time to bring about significant economic changes.

Unfortunately the budget does not contain any particular measures that can catch the imagination of the middle classes, to whom the budget matters most. *Business India* has consistently argued that it is the middle classes that are the engine of growth in any economy. It is the middle classes that help determine the mood of the country. Unfortunately, the government has failed to enthuse them.

There are two other points worth noting. First, the most remarkable feature in the budget is the emphasis given to rural employment. The new Jawahar Lal Nehru Rojgar Yojana is a serious long term programme which will have a long term impact on the poorest districts of India.

Second, in spite of what officials say, prices are certainly going to be pushed up by both budget and pre-budget measures. The rise in taxes on TVs and Marutis are of course a signal that the government wants to put a greater burden on the better-off sections of society. However, apart from these imposts, there can be no doubt that the general hike in excise is bound to trigger off a cost push price rise. In fact prices have already started rising. This could have been avoided relatively easily.

Lastly, we must point out that the sharp 30 per cent duty slapped on glazed newsprint is bound to raise prices of all magazines. Considering the government, by canalising newsprint through the STC already makes an unconscionable profit for the "service" rendered, the new hike only compounds the problem. It is bound to force us to raise prices almost immediately. We trust our readers will appreciate the direct cause of this hike.

Ashok H. Advani

• What's in a name?

Your Cover story on the failure of foreign brands (6 February) has a number of lessons.

For one thing, almost all the items mentioned in the story are such that the country could well have done without them.

Secondly, there appears to to be an attempt by certain entrepreneurs and multinationals to piggyback into the consumers' heart through the popularity of established international brand names.

The Indian consumer has matured, and it is now the turn of the businessman or NRI to mature accordingly.

DINESH KUMAR
Chandigarh

• This refers to your cover feature, 'Foreign brands can fail' (6 February). Foreign brands have a chance to succeed provided they accept Indian ground rules. They have to improve on their costing and secondly they must be content with fair and reasonable returns. Congratulations to indigenous entrepreneurs who have survived the onslaught of foreign brands.

A.N. MAJUMDAR
Ahmedabad

• This refers to your Cover feature "Foreign brands can fail" (6 February). There are some anomalies in the statements made by Gurcharan Das, president and managing director, Procter & Gamble — "Sheer brand names do not create an enduring consumer base. The magic lies in making them affordable." P&G's product — Oil of Olay — relaunched some time back belies his words.

M. ASHU
Bombay

• Out of context

In your article on Ranbaxy Laboratories (Corporate Report, 6 February) I am quoted as having said: "They have indeed done well on the export front. At the same time they have indulged in price cutting tactics for exports which is harmful to the national economy."

I would like to clarify that while I appreciated the achievements of Ranbaxy Laboratories on the export front, the latter remark was of a general nature for all the national companies and not specifically Ranbaxy Laboratories. I feel that my general observation has been quoted out of context.

I.A. MODI
Managing director
Cadila Laboratories
Ahmedabad

• Save wastage

It is shocking to learn from your "For Your Information" section (6 February 1989) that line losses in India are the highest at 20-61 per cent. A vast country like China has a loss of 8 per cent.

The main reason for line loss is the long rural lines with practically no load, laid at the instance of politicians to satisfy the voters. These long lines encourage unauthorised tapping in places normally not inspected. This unmetered supply also goes as line loss.

Remote places are connected by long H.T. lines. Perhaps small compact diesel generators may come in handy and save wastage.

S.M.A. IBRAHIM
Madurai

• Quite intriguing

The piece on A.G. Krishnamurthy (Businessmen in the News, 6 February) is very intriguing. How can a small advertising agency, such as Stark, in 'resource-starved Kerala', without any large national account, "flounder" with billings of Rs.30-40 lakhs (incidentally, the actual figure is Rs.48 lakhs).

In Kerala, Stark was seen as a rapidly growing agency, both in terms of billings and creative output. Stark is the only agency from Kerala to have ever won an award for excellence in advertising from the Advertising Club, Bombay in 1987 for the 'Cancer Care for Life Campaign'.

The statement that 'Mudra was not willing to absorb Stark's staff *en masse*' is also not very true. The facts on that are available with Mudra itself.

SATYAN NAIR
Stark Communications Pvt Ltd
Trivandrum

• Wrongly placed

This refers to your report on the machine tools industry captioned "The accent is on indigenisation" (6 February). In the table showing the turnover of 10 major companies, there are some gross factual errors pertaining to Sandvik Asia.

Firstly, we are not machine tool manufacturers. We are in the cutting tools industry and more specifically in cemented carbide products for turning, milling and drilling.

Our turnover in the years mentioned by you is as follows and not as reported by you: 1985, Rs.34.1 crores; 1986, Rs.37.8 crores; 1987, Rs.38.9 crores.

V. KRISHNAN
Manager
Advertising & Public Relations
Sandvik Asia Ltd
Pune

• Quality ferrites

I refer to the article 'Pushing for Exports' (6 February). We do not agree with the view expressed on the quality of soft ferrites. While there may be a couple of soft ferrite producers who are not up to international quality, I would like to reiterate that Cosmo Ferrites have been producing various types of quality soft ferrites all of which are well accepted not only by discerning Indian consumers but also by consumers abroad.

S.S. MONI
Chairman — Soft Ferrite Panel
Electronic Component Industries Association
New Delhi

• Beyond comprehension

I am a consumer of Hindustan Lever's products and also a shareholder of the company. It was very surprising to note the strongly worded letter (Letters to the Editor, 6 February) written by the corporate communication department of the company. I fail to understand how the photograph (Business Notes, 9 January) misleads consumers. In fact a consumer like me has noted that the strike has had no impact on the availability of the company products in the marketplace.

GOVINDAN KUTTY
Vyalikaval

• Save granite trade

In your article on the granite industry (Business Notes, 6 February) the president of the All India Granite and Stone Association has totally misrepresented the fate of the granite industry in Tamil Nadu after the state government amended the minor mineral concession rules.

The fact is that, because of the recent amendments made, the Tamil Nadu granite industry, which was poised for growth, has come to a standstill.

Export of raw blocks and quarrying lease to the private sector alone can save the granite trade.

J. ROY RICHARD
Madras

• Syndicate scandal

We have read with interest the article 'Syndicate Bank under a cloud' by Anoop Saxena (Corporate Report, 23 January). Its contents are really shocking and expose the misdeeds of the higher-ups in the bank. This article is an eye-opener and connects many missing links in the chain.

The SSI units of Uttar Pradesh, under the aegis of the Na-

tional Alliance of Young Entrepreneurs, have already raised the banner of revolt against the Syndicate Bank.

B.S. JAIN
Chairman
Financial Grievances Action Committee
Meerut

• A pioneer forgotten

Your cover feature, 'Is the South lagging behind' (23 January) failed to mention S. James Fredrick, chairman of the Coromandal Indag Group, based at Madras who has been a pioneer in the agro input field. His organisation covers a whole range of agro inputs. He has entered into technical collaborations with leading agro based companies all over the world.

D. SAMPATH
Madras

• The article by Sushila Ravindranath, 'Is the South lagging behind?' (Cover Feature, 23 January), is biased. Tamil Nadu alone does not constitute the south. There are also Andhra Pradesh, Karnataka and Kerala in the south. The other southern states are trying to develop industrially. The title of the article should have been 'Is Tamil Nadu Lagging Behind?'.

M. RAMA KRISHNA
Kakinada

• I read your article, 'Is the South Lagging Behind?', with great interest. It shows how the business dons from the north are making full use of resources and manpower by setting up industries in the south. In the meanwhile, southern industrialists are falling behind. However, the author failed to mention Kirloskar Electric Co, which is one of the major successful companies in India, and is based in the south.

N. SREENIVAS
Bangalore

• Kudos to your cover feature 'Is the South lagging behind?' Your dispassionate and impressive analysis should serve as an eye-opener to all concerned in the states and at the Centre to put an end to this lopsided development. The government must take the lead in setting up projects, thereby giving the necessary fillip to the promotion of satellite and downstream units which in turn will trigger the much neglected growth in the south. A case in point is the overdue refinery at Nagappattinam.

M.V. NATHAN
Thiruvarur

• A small gap

I do not agree that the bankers and borrowers at the All India Association of Industries meeting (Business Notes, 23 January) were at cross purposes. Most of the points, especially those concerning large and medium scale industries, had already been dealt with at the pre-budget talks at Delhi, which preceded the meet. The gap was concerning the feedback on small scale industries, which is what the finance minister wanted filled in.

AMINA HATTON
Executive Secretary
All India Association of Industries
Bombay

• It is heartening that Shiv Taneja has looked at the assistance needs of small scale industrial units in his article, 'At cross purposes.' With union finance minister S.B. Chavan giving a thought, some useful action could follow.

The large scale sector has now the great support of the BIFR. The small scale sector is always considered the backbone of industrial growth, but has remained neglected.

PREM N. HANDA
New Delhi

• More strategies

In reference to the article 'Sound strategies for the future' by Partha S. Ghosh (23 January), wherein he has listed seven tricks to achieve our goals for the year 2000, I would like to add three more 'commandments':

Commercial approach — this means selling on the basis of technical merits.

Honesty and straightforwardness — especially in dealing with the international community.

Optimism — backed by proper evaluation and studies.

R. RAJAPPA
New Delhi

• Correct name

In the item "MB threatened" (News & Events, 23 January), the acronym BIFR is stated to stand for Bureau of Industrial and Financial Reconstruction. The correct name is Board for Industrial and Financial Reconstruction.

UDAYAKUMAR SHETTY
Bangalore

• Errata

In the 'Executive Ladder' column of 6 February, it has been stated (under Associations) that "T.R.R. Rao of Bharat Earth Movers Ltd has been elected president of the National Institute of Quality and Publicity".

It should read: T.R.R. Rao of Bharat Earth Movers Ltd has been elected president of National Institution for Quality and Reliability.

M.M. KRISHNAN
Director General
NIQR
Madras

• M. Gopalakrishnan, managing director Indian Bank was wrongly designated executive director, Indian Bank in 'Businessmen In the News' (20 February).

The errors are regretted — Ed.

LIKE FATHER, UNLIKE SON

by Taran


H. HOLCK-LARSEN ★ S.K.TOUBRO

With a feel for south paws

"Our customers are seldom right," proclaims a London shop. The reason is that this shop specialises in selling items exclusively for the use of left-handed people. The items on sale include scissors, pens, rulers, kitchenware, cork-screws, T-shirts, mugs and books.

T.R. GANAPATHY
Bangalore

Meditation goofs

One hears a lot about the various techniques of meditation practised by Japanese companies to increase efficiency. In this liberalised import policy era, apart from management techniques like *Kan-ban* (just in time) inventory control techniques, India seems to be importing some of their cerebral control methods, as well.

Such is the case of the Madurai branch of a nationalised bank which has decided to tap the brain power of its employees, not through conventional brainstorming sessions or seminars, but through meditation. The staff are closeted in a room and are asked to think up new schemes and ideas for the improvement of various banking services.

May one suggest that the time spent daydreaming, nay meditating, be utilised to update passbooks, encash cheques, issue demand drafts etc. If this trend catches on, the meditation might gravitate to counter tops during business hours too.

K.L. BABY
Bombay

A question of responsibility

Banks and financial institutions have generally had a bad time with loan repayments. However, this has not been the experience of the International Fund for Agricultural Development (IFAD). The fund provides project-based, small loans to groups of villagers, (some of whom, incidentally, have never seen a bank). These villagers monitor their own performance. In 1978-87, IFAD lent to 33 such projects in 25 countries in Asia and the repayment ranged from 85 to 100 per cent. The loan is given to groups of five borrowers who are collectively held responsible in the case of a default by any individual member. The purpose of loans are for buying bicycles or motorcycles, making cheese, paper and brooms.

B RAMACHANDRAN
Madras

The IBM concept

A colleague of mine in South Yemen maintained that all work in the country was conducted on the "IBM" concept.

If an expatriate were to ask a Yemeni worker to do a certain job, the local would nod his head immediately and respond in Arabic "Inshallah" (God willing!) After a few days, when the task was still untouched and the expatriate questioned the national, the latter would reply, "Bhookrah" (Tomorrow, it will be done!). A few weeks later, when the work was still not done, the worker would say, "Maleesh" (It doesn't now matter if the work isn't done!).

The first letters of Inshallah, Bhookrah and Maleesh constituted the "IBM" concept of how things get (or did not get) done.

KP MAHALINGAM
Madras

By the year 2000 AD

The attention of the futurologist is focussed on the problem of resources and the state of nature rather than on the potential of future technology because:

- By the year 2005, the countries of Western Europe will need approximately 2,500 million tonnes of fuel annually. But its own resources can provide only 180 million tonnes.
- By the beginning of 21st century Japan will have no space left for burying urban wastes if the present rate of garbage production — an annual 20 million tonnes — is allowed to continue.
- By the close of 20th century about a million plant and animal species will have disappeared.
- At present mankind consumes 2,600 cubic km of fresh water every year. By the year 2000 this will rise to 6,000 cubic km.

Agra International Inc

If anyone believes that India has a patent on the name Agra, think again! The fair city of the Taj Mahal shares its name with nine other towns.

India accounts for three towns (UP, West Bengal and HP), Pakistan two, the US two and Italy and Switzerland one each.

RAJESHWARI SINGH
New Delhi

Business India invites readers to send original, unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs 50 paid for each published contribution

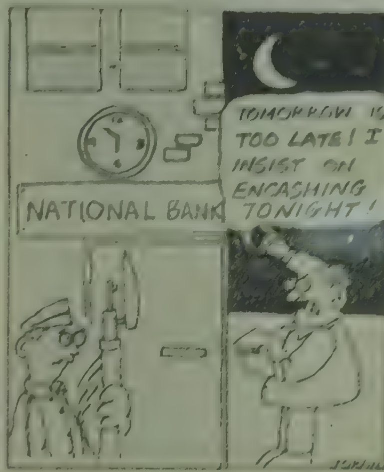
Plan your savings

The interest on a savings bank account is calculated on the minimum balance on any day between the 10th and the 31st of every month.

If you are going to deposit an amount on the 11th day of the month, it would make more sense if you deposited it on the 10th itself, and earn interest for the whole month.

If you have to withdraw money on the 31st of a month, put it off till the 1st of the following month. If not, you will lose interest on the amount for a whole month.

Charges for demand drafts



are on a slab system. A small amount can be saved if one takes the pains to fill up two challans, and take two or three drafts, as opposed to a single draft for the combined amount.

Charges for demand drafts

DD amount	Bank charges
Upto Rs 500	Rs.2
Rs.501 to Rs.1,000	Rs.5
Rs.1,001 to Rs.5,000	Rs.10
Rs.5,001 to Rs.10,000	Rs.20

For example, on two drafts of Rs 500 each you will pay Rs.4 in bank charges, whereas on one draft of Rs 1,000 you will pay Rs 5 as bank charges. A 20 per cent saving is not a bad sum for a little extra effort.

T.K. RAMACHANDRAN
Trichur

Incorporated worldwide

The concept of joint stock companies, which was invented in England in the 18th century, is now a universally accepted phenomenon in the business world.

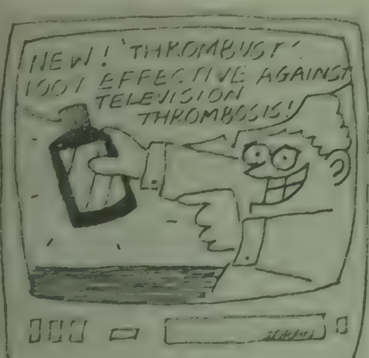
Let us find out, what words are used to denote an incorporated entity, in some of the countries of the world.

Country	Example
India	Eicher Motors Ltd.
W. Germany	Linde AG.
Denmark	Haldor Topsoe A/S.
Netherlands	Phillips N.V.
Japan	Alfa Laval Engg. K.K.
France	Dosapro Milton Roy S.A.
Finland	Kemira OY
Sweeden	Alfa-Laval A.B.

HARIN H. RANA
Narmadanagar

Mod-maladies

Doctors in western countries are encountering a host of new diseases that are peculiar to the present times. These are likely to occur in India, as the symptoms are now widely prevalent. Such as,



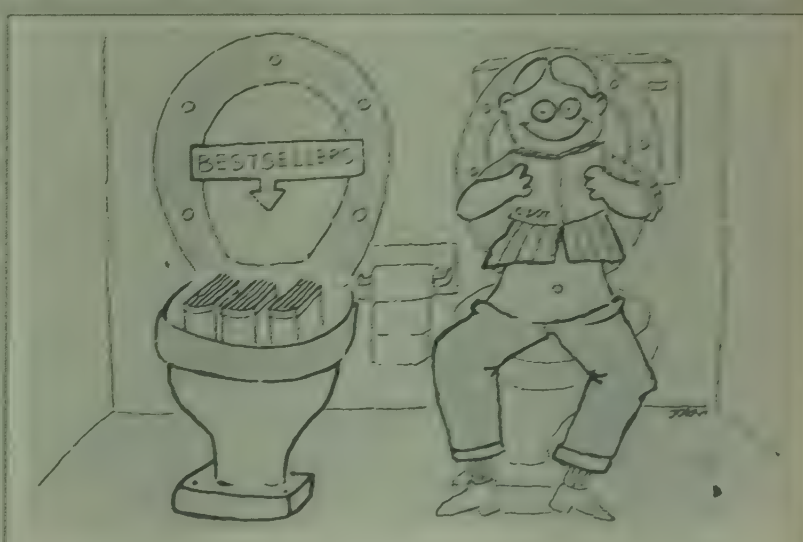
"television thrombosis" affecting the veins of the leg after extended sessions in front of the idiot box. Another serious affliction that dermatologists have to face is "jeans dermatosis", a skin disease, young people are likely to contact by wearing tight jeans. And finally, opthalmic surgeons have got into a huddle over what is being termed as the "punk syndrome" — bloodshot eyes caused by excessive gyrations of the head while shaking a leg to the "punk" dance.

MICHEAL R. PATRAO
Mangalore

Crazy definition

Inflation is when the cost of newspapers go up, and deflation is when the price of *raddi* comes down.

MANOJ KUMAR, *New Delhi*



Psychology with a difference

As it is known, the premium on the Maruti car is based on various factors viz. market supply, the colour of the car etc. Interestingly, a new factor which has joined this list is the registration number of the car (only the alphabet part).

Delhi has been alloting new Maruti cars with the DAJ alphabets, which translated into Hindi means dowry. As a result a couple of newly wed customers were seen sheepishly hesitating to buy the cars from the market. Whether the purchase was a result of a windfall on account of dowry or not is anybody's guess.

A.K. CHHABRIA
New Delhi

Books in bathtubs

The C-DoT staff, operating from Delhi's Akbar Hotel rooms, did not quite know what to do with all the bathrooms attached to every single room. All of them could not be used as bathrooms. What other use could they be put to?

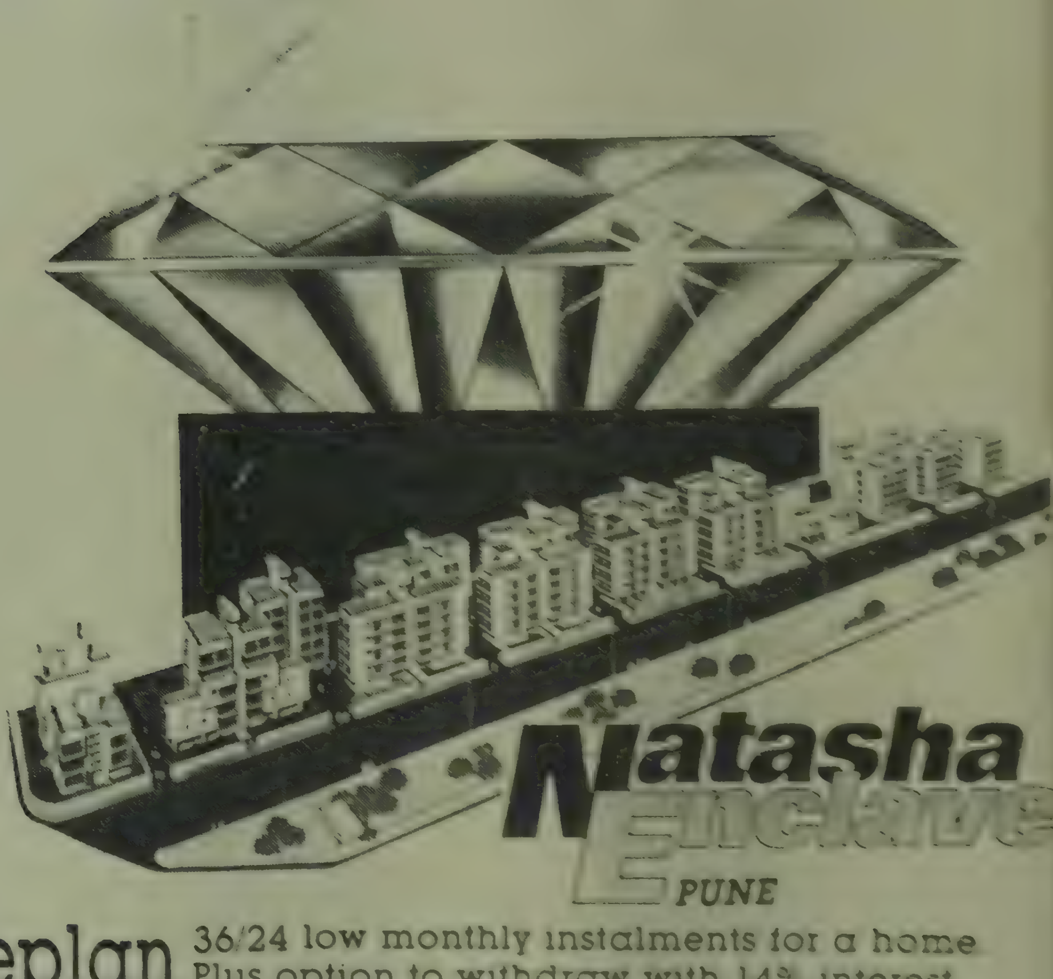
In fine style, Sam Pitroda showed the way. He turned the bathroom into a library! All his books and official files are neatly stacked in the bathtubs. Following the leader, the officials of C-DoT are putting this space to varied uses such as stacking files etc.

MALA BHARANIA
Porbundar

Promise

Performance

Un-Fixed Deposits Or....



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Pune Mr. Nelson
Plot No. 2[illegible] Kondhawa Khurd, Next to N.I.B.M.
Pune 41[illegible]
Tel O: [illegible] R: [illegible]

The Symbol of Trust

On again, off again

What's on with the Hoechst group? First it decided to pull out — albeit after years of dithering — its 33.33 per cent equity in Mafatlal Dyes & Chemicals. Around the same time (at the end of 1988), Hoechst AG bought over Bayer's 16.4 per cent stake in Colour-Chem to increase its holding to 32.8 per cent of colour-Chem's Rs.7.74 crore equity.

Now Hoechst is negotiating with Dilip Khatau of Carona Sahu Company to acquire his nine per cent holding in the company. Not satisfied, Hoechst is also believed to be keenly interested in another nine per cent held by the Ghias of Indian Organic Chemicals, the other large shareholder in Colour-Chem.

Hoechst's plan, it appears, is to first acquire a total of 50.8 per cent equity of the company and later sell off a part to the Indian public, retaining its controlling interest.

LIC's housing venture

If the banks can diversify, why not insurance companies? To begin with, the monopolistic Life Insurance Corporation is preparing to set up a subsidiary housing finance company in the next few months which is expected to rival the giant HDFC in size.

LIC got into housing finance in a big way in 1987. In 1988, its policy-linked housing loan disbursement reached a figure of Rs.130 crores. And the target for 1992, according to top officials, is Rs.1,000 crores.

LIC sold premiums for life insurance business worth a record Rs.12,467 crores last year and so understandably has a mountain of liquid cash. Couple this with the fact that the demand for housing finance is on the rise, and the subsidiary should have no problem meeting its target.

A race begins

How many mother cracker complexes does the nation need? The Abid Hussain Committee was appointed precisely for this purpose — to determine the number of naphtha/gas based crackers, their location, the economics of setting them up, etc — and is expected to submit its recommendations in the coming weeks.

According to those in the know, of the

Hussain: will it be Mangalore or Vizag?

seven proposals made, the joint application by Indian Petrochemicals Corporation and Gas Authority of India for a 300,000 tonne gas based cracker unit at Auriya, Uttar Pradesh, is likely to clear the hurdle first. And for some good reasons too. Gas is available in plenty in the region, and, most significantly, Northern India accounts for 26 per cent of the consumption of plastics in the country. Besides, this market boasts of the highest growth rate — 12 per cent per annum against an industry average of 10 per cent.

In the naphtha cracker category, the main tussle is between a location in Mangalore and Visakhapatnam or, simply translated, between Aditya Birla and Vijay Mallya. Vizag has the edge on Mangalore — the refinery is ready and functioning, while ground-breaking at the Mangalore refinery site is yet to begin.

Old faces to stay

S.S. Nadkarni was the first of the lot to get an extension (5 years at IDBI); Manohar Pherwani's extension came hard on his heels — 5-year extension as chairman of UTI and now there is news that Premjit Singh, chairman and managing director of Bank of Baroda has secured a one year extension after crossing 60 years of age. What's more, according to the banking grapevine — the likelihood of D.N. Ghosh being given another term as chairman of State Bank of India is strong. The reasoning is that, since it was he who initiated the computerisation in the bank which has made it to the Guinness Book for the largest number of branches in the world, it would be a good idea for him to stay on and stabilise the process.

Key changes

The young J. (Jerry) Rao, vice president and country business manager (consumer services) of Citibank is slated to move to the top slot in this multinational bank's Indian operations.

David Roberts, is moving on to Tokyo after a stint as country corporate officer, India. Jerry who has had an impressive track record of over 10 years in the bank is all set to replace him as country corporate officer.

At the same time Aditya Puri will move up as the country business manager, institutional banking. With Jerry as country head Citibank will once again have an Indian at the top.

One more fund

Soon there will be one more addition to the indigenous family of mutual funds. In the first week of February PNB Capital Services Ltd, the wholly owned merchant banking subsidiary of Punjab National Bank (PNB) obtained approval to float a Rs.50 crores mutual fund. While the details of the scheme are under finalisation, expectations are that the third bank-promoted mutual fund in India will invite subscriptions from the public before the monsoon.

Videocon's investment spree

Close on the heels of the success of Videocon Appliances' first public issue (oversubscribed 57 times), the Rs.250 crore Ahmednagar-based Videocon group has chalked out a huge Rs.200 crore investment plan in Maharashtra.

Videocon International Ltd (VIL), the flagship company of the group, is investing Rs.100 crores to manufacture TV components for captive consumption as well as for the TV market. It is also expanding its CTV manufacturing capacity. For the purpose VIL — promoters, Venugopal Dhoot and family members — is expected to make a large rights issue in April this year.

For the VCR project, Toshiba Videocon Ltd (TVL), a joint venture between Toshiba of Japan and Videocon, is investing Rs.65 crores and, by floating another new company (name not yet decided), the group will set up a Rs.35 crore unit to manufacture integrated circuits for TVs.

GOVERNMENT

Aviation links

The president of GIFAS, Jacques-Andre Larpent, has hinted that there will be more collaboration and trading between India and France in the defence and civil aviation fields. These will probably be supplying defence equipment like helicopters, missiles, training and light combat aircraft, aircraft carriers and electronic equipment.

Coca-Cola rejected

The government has rejected the Coca-Cola proposal to set up a unit in the NOIDA export processing zone. The Board of Approvals has refused permission on the ground that 25 per cent sales of concentrate in the local market would adversely affect the domestic industry. The ministries of finance, industry and food processing had earlier opposed the application on the same ground.

Larger role

The Federation of Indian Chambers of Commerce and Industry (FICCI) has suggested that the service sector be given a dominant role in the planning process in view of its greater value addition, employment generation and relatively lesser requirement of capital.

Of the additional real gross domestic product (GDP) generated between 1980-81 and 1987-88, the contribution of the services sector was the highest — at 45.9 per cent — followed by industry at 42.8 per cent and agriculture at 11.3 per cent.

Joint ventures

India and the Soviet Union have finalised four joint venture proposals in a bid to strengthen bilateral, economic and commercial relations. Three of these deal with renovation of leather tanneries and are in the Soviet Union. The fourth venture involves manufacturing jute products in India.

No more window-dressing

The changeover in the banks' accounting year period from 31 December is likely to put an end to window-dressing of balance sheets. In an effort to hike the deposit amounts, certain banks resorted to soliciting deposits from the corporate sector at the end of the year. Now that the year ending has been changed to 31 March to coincide with the corporate sector, companies will not be able to submit unwarranted deposits without it being noticed by the auditors or shown on the balance-sheets.

Customs revenue up

Revenue collections between 1 February 1988 and 31 January 1989 have shown an increase. All India customs revenue have also recorded a 17-25 per cent increase from Rs.13,165.28 crores last year to Rs.15,435.48 crores this year.

Panel for CCS rates

The government has set up an official committee to fix the new rates of cash compensatory support (CCS) for different export items for a three-year period commencing 1 April. The committee, consisting of officials of the ministries of commerce and finance, will be headed by the additional secretary and financial advisor to the ministry of commerce.

Bhopal Act challenged

The Supreme Court has thrown open to challenge the constitutional validity of the Bhopal Gas Leak Disaster Act 1985, which empowers the Union of India to make claims on behalf of the victims. The SC has ordered the listing of a batch of writ petitions for priority hearing on 15 March. The listing order follows the hearing of a writ petition in the form of public interest litigation by the Association of Socio-Legal literacy.

Professional donors

According to Saroj Khaparde, minister of state for health, a survey conducted by the Indian Council of Medical Research, indicated that about 22 per cent of all blood collected by blood banks was from professional donors. There are 739 blood banks in the country, including 165 private ones. The minister said that the government is planning a modernisation scheme.

Norms revised

The union finance ministry has allowed, the sale of shares by promoters within three years of the company being floated, in the case of new issues where CCI approval has been sought after 19 January 1989. The revised guideline will not apply to issues where CCI consent had been sought before 19 January 1989.

Development assistance

A scheme to provide multipurpose assistance to state handloom development corporations and state handloom apex and primary societies will be implemented from 1 April 1989. The scheme will provide finance for marketing schemes and will be funded jointly by the central and state government.

Birth rate falls

According to provisional estimates of the sample registration system the birth rate in India has declined from 41.2 in 1961-71 to 32 per thousand in 1987. The states where the birth rate has declined most significantly are Andhra Pradesh, Gujarat, Himachal Pradesh, Kerala, Punjab and Tamil Nadu.

However, the estimates also revealed that India's natural growth rate was 2.12 per cent in 1987 against the Seventh Plan target of 1.87 per cent.

ECONOMY

Bumper crop

The good south-west monsoon in Kerala has led to a bumper coconut crop — 6,400 million coconuts ie. 20 per cent increase from last year. The principal coconut oil markets, Alleppey and Cochin are flooded and prices are falling. A quintal of coconut oil has been quoted at Rs.2,750 in Cochin as against Rs.3,125 last year.

Sugar imports

About 150,000 to 200,000 tonnes of sugar may be imported to meet likely shortfalls this season. At the prevailing world price of $ 330 a tonne, the proposed import may entail an exchange outgo of Rs.50 to Rs.60 crores.

The shortage is expected because sugarcane is being diverted to gur manufacturers rather than sugar mills.

RBI halves limit

The interbank call money market has turned tight. The Reserve Bank of India has cut its discretionary refinance limit to nationalised banks by half. Scheduled nationalised commercial banks can now avail of discretionary refinance from RBI to the extent of 0.5 per cent of their aggregate average deposits level of 1986-87. The previous limit was 1 per cent.

The banks will also have automatic access to the refinancing facility instead of going through a detailed application process.

The discretionary refinancing facility allows banks to draw funds from RBI in times of tight money conditions to maintain their daily cash reserve ratio requirements. RBI's decision is intended to impose discipline on the banks' borrowing.

Soyameal exports

Soyabean extraction exports are likely to hit a record high of one million tonnes, valued at Rs.400 crores, during the current crop year. The US is the largest producer of soyabean in the world. But owing to drought conditions in the US, production fell by 20 per cent. This has been to India's advantage. Export commitments of 700,000 tonnes have already been made.

Import policy

The World Bank has suggested that India should liberalise its policy on import of technology and capital goods under the Technological Development Fund (TDF) scheme to encourage modernisation and up gradation of technology.

The bank feels that this will help the country in getting assistance by way of loans. In fact, it is expected that the bank may provide around $ 150 million as assistance if the TDF scheme is extended to cover new projects.

Export credit cut

The Reserve Bank of India has cut the cost of export credit given by banks substantially to help exporters compete better on the international market. The reduced interest rates will be effective from March 1. The interest rate on pre-shipment credit has been reduced by two percentage points. For post shipment credit, the ratio will be 9.50 per cent against the present rate of 8.65 per cent.

Oil and gas struck

The Krishna-Godavari basin has suddenly emerged as a good prospect for oil reserves following a strike at Bantumilli, located about 33 km north-east of Masulipatnam. The basin has, so far, yielded more gas than oil. The resources of the basin have been estimated at 337 million cubic metres of gas and 423 million tonnes of oil.

EEPC target

The Engineering Export Promotion Council (EEPC) has fixed an export target of Rs.2,000 crores for 1989-90. This excludes electronics and software, the target has been fixed on the basis of the export trend during 1988-89 which witnessed a growth of 31 per cent during April-December of 1988.

CORPORATE

Latex project

Fan makers Polar Industries Ltd will start manufacturing condoms by 1991. On 9 February it signed an agreement with Hindustan Latex Ltd (HLL) for a turnkey project to put up a 160 million pieces per year factory in Balsore, Orissa. The new company, Polar Latex Ltd, to be in the joint sector with the Orissa government, will cost Rs.855 lakhs. Of this Rs.53 lakhs will go to HLL as fees. Polar plans to make the entire range that HLL will soon produce, including disposable syringes and oral contraceptives.

Bid rejected

The Swiss multinational Nestle has not been able to enter the Indian market — Campco has rejected the joint venture proposal. The company has announced that Nestle was keen on a collaboration, but Campco found the terms unacceptable. The joint venture was based on a partnership deal on Campco's 8,800 tpa chocolate unit.

SC ruling

The Supreme Court, on an appeal from the Gammon India management, has ruled that a shareholder is not bound to gain access to confidential documents relating to the company. The SC has ruled that the company need not disclose to the shareholder, the contents of FERA showcause notices. Instead, these could be placed on the table of the chairman two hours before the annual general meeting.

IFFCO diversifies

The Indian Farmers Fertiliser Cooperative Ltd (IFFCO) is envisaging an investment of Rs.3,800 crores in two projects. It has commissioned Engineers India Ltd to prepare project profiles for the two projects — Vizag naphtha cracker complex and Auraiya gas cracker complex.

This will be the first major diversification for IFFCO which has emerged as one of the leading fertiliser producers in the country.

Vision holding

Chris Passanah, ex-managing director of Clarion Advertising Services Ltd, and his colleagues, Rasheed Ibrahim, Brendan Pereira and Neena Varma have acquired majority shareholding in Vision Advertising and Marketing. Earlier, Vision belonged to Anand Pandit

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Industrial finance in AP

The State Bank of India, Hyderabad circle, will be opening an Industrial Finance branch, the first of its kind in Andhra Pradesh by June this year to provide a greater thrust to its operations in the state.

Giving the performance highlights for the year 1988, K.S. Purohit, chief general manager, SBI Hyderabad circle said all the existing accounts of large and medium industries of over Rs.50 lakh business will be brought under the Industrial Finance branch. The corporate customers can thus avail of more efficient banking services.

Software project

Datamatics Consultants Ltd recently won software projects from Wang Laboratories Inc, USA. The project encompasses the development and enhancement of an SNA (Systems Network Architecture) package that will enable terminals connected to the Wang MVP 2200 to behave as if they were terminals connected to an IBM mainframe.

SNA is vital to IBM because IBM has more than 50 per cent of the world's installed hardware and today there is an urgent need for machines in different corners of the globe to talk to one another in a language they understand.

With IBM's decision that all its new systems will now conform to SNA standards, the SNA package being developed at Datamatics would open up newer market segments for Wang MVP 2200.

L&T footwear factory

The footwear factory of Larsen & Toubro Limited (L&T) at Kalol, Gujarat, was inaugurated recently by L&T's chairman and president N.M. Desai.

The 4600 sq. metre factory, located 50 km from Baroda, has a capacity for producing 750,000 pairs of shoes per year. The factory will manufacture footwear, mainly for export, in technical collaboration with Humanic Schuhfabrik, who are the largest shoe manufacturers in Austria. The project has a 75 per cent export obligation from the third year of production.

L&T has entered the footwear market in order to avail of its export potential. Over the past few years L&T has exported footwear — during 1987/88 its footwear exports came to Rs.318 lakhs.

NOCIL's project

National Organic Chemical Industries Ltd, belonging to the Mafatlal group, has been allowed to set up a new undertaking for the production of high yielding varieties of seeds and hybrids. The venture will start with an annual capacity of 20,000 tonnes and is valued at Rs.30 crores.

The company proposes to produce the seeds at different locations depending on the soil and climatic conditions. The department of company affairs has granted permission as high yield and hybrid seeds are open to MRTP companies. Being a high priority area, further capacities are always needed. However, the company will have to meet the project costs from internal sources.

Ashok Leyland plans

Ashok Leyland will invest Rs.100 crores over the next two years in the modernisation of its plant at Ennore. It will also reactivate its Alwai and Bhandana plants which have been forced to operate at a lower scale because of the slump in the commercial vehicle market. Ashok Leyland is also planning a new range of vehicles and tyres as well asa convertible debenture issue of Rs.41.01 crores on a rights basis for Indian residential shareholders.

MTNL bonds

The Central Board of Direct Taxes (CBDT) has refused to give the Mahanagar Telephone Nigam Ltd (MTNL) bonds a tax-free status. MTNL had received consent from the Controller of Capital Issues (CCI) to raise Rs.350 crores through a bond issue on the condition that a public offer be made within three months of the private placement of the bonds. Bank of India which managed the issue is understood to have sold the entire amount to Citibank NA. Then came the CBDT bolt from the blue.

BOB Fiscal

BOB Fiscal, the wholly-owned merchant banking subsidiary of Bank of Baroda is trying to become a member of the stock exchanges in India. It has, reportedly, been given the go-ahead by the Union government. Now, the decision is in the hands of the individual stock exchanges. Although both the Delhi and Calcutta stock exchanges have expressed their willingness to accept institutional membership for merchant banking subsidiaries, the Bombay stock exchange, which is the largest in the country, is yet to decide on this point.

INDUSTRY

Textile mills

The number of cotton and man-made fibre textile mills which are closed due to financial constraints or strikes and lockouts has gone up to 140, at the end of

January 1989, of which 84 are spinning mills and 56 composite mills. The installed capacity is 35.6 lakh spindles and 34,800 looms and the number of workers, 1.68 lakhs. As many as 122 mills are from the private sector whereas the rest are co-operatives or owned by the state.

Handlooms and handicrafts

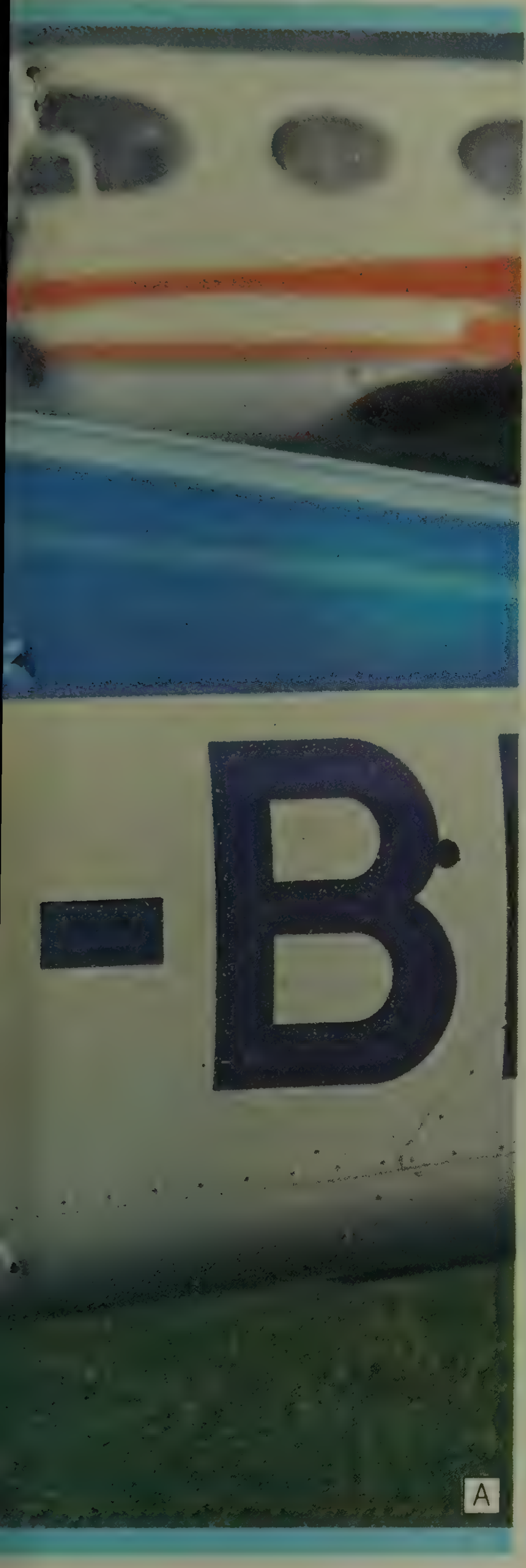
The working group on handlooms and handicrafts, under the ministry of textiles, has made the following recommendations: increase loan ceiling for composite loans from Rs.35,000 to Rs.50,000, discontinue share participation in central or state corporations and sanction loans upto Rs.2 lakhs without security.

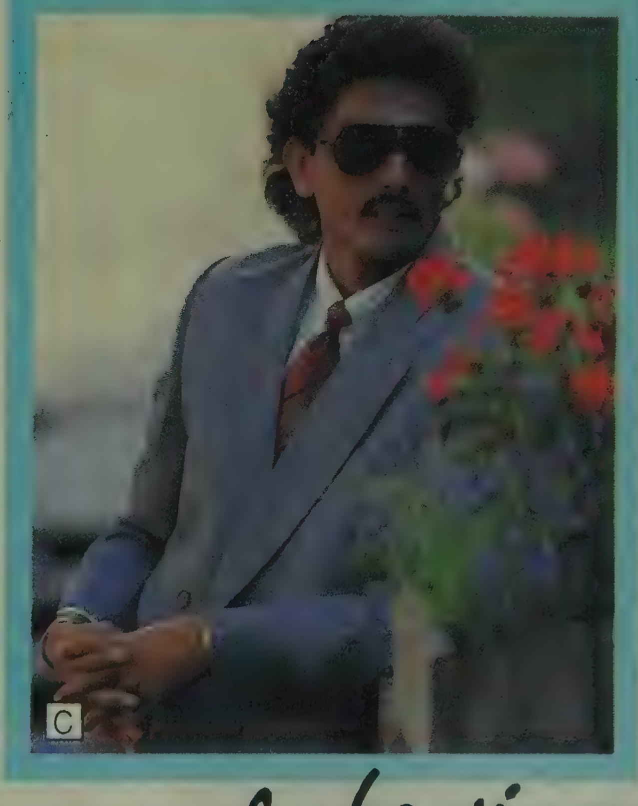
The group has placed the credit needs during the Eighth Plan at Rs.2,000 crores. This does not include the gems and jewellery sector.

Another recommendation is that the repayment period for loans to artisans be increased to seven years from the present five years. Setting up display centres in metropolitan cities is also recommended.

In 1839 Louis Daguerre invented the first practical photographic process. Later, photographers specialized in different forms of photography, including fashion. ■ Since 1977, leading photographers like Pablo Bartholomew, Vikas Bhende,

he statement of Ravi Shastri.





E M E N T S.

The looks of a winner

VIMAL

POLYRICH & WOOLLEN SUITINGS

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uresh Cordo, Ritu Nanda, D. L. Oberoi, Denzil Sequeira, Suresh Sheth and Shantanu Sheorey have shot beautiful images
f Vimal. Which helped create the Vimal image. ■ **Vimal celebrates 150 eventful years of photography.**

IFCI schemes

The Industrial Finance Corporation of India (IFCI) has introduced two promotional schemes for entrepreneurship development.

One of the schemes is aimed at encouraging the educated unemployed to take on tourism and related activities. The second will encourage retrenched persons from sick industries who have taken on self-employment.

LABOUR

ID Act upheld

The validity of section 25(O) of the Industrial Disputes Act of 1947 has been upheld by the Karnataka high court. This requires all industrial establishments employing 100 workers or more to obtain permission from the government before closing down for any reason.

After this judgement, the closure of several establishments in Karnataka becomes a contravention of the law.

Maritime recruits

The director general of shipping, Praveen Singh, has said that the ban on foreign shipping companies recruiting Indian officers will remain in force till the shortage of officers in India is no longer felt. Singh also said that the government was still examining the issue to find out if any category of officers or individual cases could be exempted.

IOC wage hike

Over 30,000 workmen of Indian Oil Corporation have secured wage hikes ranging from Rs.400 to Rs.500 per month. The wage revision is valid for four years with effect from 1 May 1986. The hike follows a settlement reached between the management and the workers union.

Bank wage pact

The Indian Banks Association has announced that member banks will pay an additional Rs.250 crores every year in wages. This is over and above the existing wage bill of Rs.1,200 crores. The agreement covers the period from 1 November 1987 to 31 October 1992 and will have retrospective effect.

INTUC ire

The Indian National Trade Union Congress (INTUC) has threatened to go in for direct action if the union government failed to ensure the finalisation of the wage agreements in the public sector undertakings in the country.

Pricing matches

The handmade match industry in the southern districts of Tamil Nadu is facing a crisis. The All India Chamber of Match Industries have said that there have been inordinate and frequent increases in the price of raw materials, particularly paper and paper boards. They have asked the government to fix fair prices.

Promoting khadi

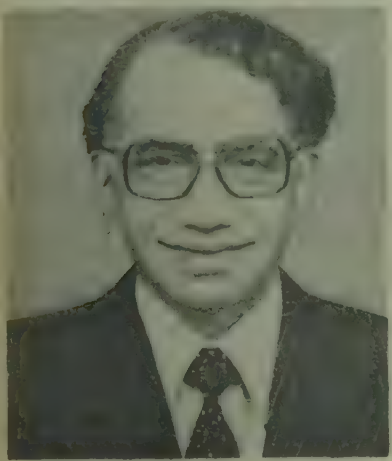
The planning minister, Madhavsinh Solanki has stressed the need for setting up block and district level umbrella organisations to take care of artisans in khadi and village industries. These organisations should set up linkages with the artisans scattered in villages. The Khadi and Village Industries Commission, at present, covers only about 2.1 lakh villages out of 5.8 lakh villages in the country.

DIARY

DATE	SUBJECT	ORGANISER	VENUE
6-9 March	**Modern Manufacturing Inspection Systems**	Quality Management Institute, A-1/246, Safdarjung Enclave, New Delhi 110029 (Tel: 604874)	A.P. Bhavan, New Delhi
10 March	**Imports Management**	Centre for Excellence in Management, 2/50 Tardeo Air-conditioned Market, Bombay 400 034	Hotel Oberoi Towers, Bombay
10-11 March	**Stress Management**	Creative Communication & Management Center, 2nd floor, Raja Bahadur Mansion, 8 Ambalal Doshi Marg, Bombay 400 023 (Tel: 273006)	Hotel Oberoi Towers, Bombay
10-12 March	**NATCON — 1989**	Indo-American Chamber of Commerce, Vulcan Insurance Building, Veer Nariman Road, Bombay 400 020 (Tel: 221413/221485)	New Delhi
11 March	**Technology Transfer Between India and Europe**	Madras Management Association, 69 Nungambakkam High Road, Madras 600 034 (Tel: 475800/478311)	Connemara Hotel, Madras
11-12 March	**MARKVISION '89**	J.D.C. Bytco Institute of Management Studies & Research, Nashik 422005 (Tel: 72520)	Hotel Searock Sheraton, Bombay
16-18 March	**Efficient Use of Electricity**	Electricity Conservation Quarterly, Offtel Tower, R.C. Dutt Road, Baroda 390 005	Hotel Mansingh, Jaipur
18 March	**Food Processing Industries & Allied Industries in India — Challenges and Opportunity**	Maharashtra Economic Development Council, 106, Nagindas Master Road, Bombay 400 023 (Tel: 270103/274660)	Hotel Oberoi Towers, Bombay

R.K. RAMAN

"We've signed a technical collaboration agreement with Fluorocarbon Company Ltd, UK, for the manufacture of poly tetrafluoro ethylene (PTFE) products," says R.K. Raman,



managing director, Madras Industrial Linings Ltd (MIL). Set up in 1969, MIL specialises in rubber lining and rubber products.

MIL's plant at Gummudipoondi, Madras, with an investment of Rs.2.25 crores, will operate from mid-March. "According to our estimates the demand for PTFE products is in the range of 300 tonnes and likely to grow at the rate of 10 per cent per annum," says Raman. MIL's new plant will have the capacity to produce 50 tonnes a year. The new products will be sold under the brand name Milfloron.

D.R. BARUAH

A respected cardiologist who's worked in London, Dr. D.R. Baruah makes critical heart valves. Dr. Baruah came to India last year to set up a production unit at SEEPZ, Bombay.

"Third World countries had to import artificial valves earlier from the US. Now, they are not only made locally in India, but are also cheaper, so poorer patients can afford them," says Baruah.

Baruah claims his products, which include mechanical

valves, homografts and programmable as well as non-programmable pacemakers, are comparable in quality to the imported ones. He is now awaiting clearance from the Food and Drug Administration, USA, as well as the World Health Organisation to start marketing his products.

DILIP DE

"By mid-April this year, there will be no other shipping company in India offering our kind

of reach," claims Dilip De, managing director, Ranadip Shipping & Transport Co. Pvt Ltd. And that's not just trumpet-tooting.

Ranadip's New Jersey-based principal, Sealand Service Inc, USA, has recently teamed up with the Norasia Shipping Company of Switzerland. This will enable Ranadip to offer a weekly service from India, says De, "to the northern hemisphere covering 181 cities in 68 countries". Also, the transit time to both Europe and the US with Colombo as the relay port, will be shortened by a week. That's good news for Indian exporters and for Ranadip too — its present ex-Bombay cargo movement of 400 20 ft containers will get a hefty 40 per cent boost.

With Merzario Shipping Agencies tying-up with the Contship Line for a direct Bombay-Europe Service, there is a likelihood of renewed competitive vigour in the market.

K. SURYANARAYANA

Oil Country Tubular Limited (OCTL), promoted by K. Suryanarayana, a technocrat and metallurgist, has set up a Rs.69 crore project to manufacture drill pipes, production tubing and casing pipes, used in oil exploration drilling and production.

OCTL has entered into a one-

of-its-kind technical and financial collaboration with Baker Hughes Tubular Services Inc, USA — a part of Baker Hughes International Inc. USA.

With ever increasing pace of onshore and offshore exploration in India; the demand for the tubular products slated to grow impressively at the rate of 20 per cent annually. "Even at the optimum level of OCTL's production, in the third year, ie by 1991-92, the projected demand will be met only to the extent of 25 per cent. Hectic exploration activity by other Asian countries will also provide ready market for OCTL products."

Suryanarayana says, "OCTL's collaborators have agreed to market 50 per cent of the company's production at attractive terms. Also, OCTL is entitled to 35 per cent price preference over international prices.

RAGHU MURTI

He's known as the start-up man. Now, for a change, Raghu Murti is intent on reviving the sinking fortunes of a company. New year heralded a job switch for him: from chief executive of Modi Business Machines (MBM) to managing director of Gestetner India Ltd. A bold switch, for Murti doesn't hesitate to agree that Gestetner is in the doldrums. He intends to set things right by "introducing new brands, motivating employees and beefing up marketing". For a man involved with Kores, Modi Xerox and MBM in the past, the task should be familiar.

WILLI SCHALK

India's consumer goods boom is attracting not just multinationals such as PepsiCo and Coca-Cola, but their advertising agencies as well. BBDO Worldwide, the US-based agency that handles the Pepsi account in its home country and several other major countries, has had an affiliate in R.K. Swamy Advertising Associates for over four years. Willi Schalk, the company's president, who was in Bombay last fortnight, now wants a bigger piece of the

action.

An investment in the equity of R.K. Swamy is high on Schalk's agenda. A formal application to this effect is likely to be submitted to the government shortly. While Schalk maintains that the two agencies are already working together as if they were "financial partners," an equity stake will boost client confidence. BBDO, ranking fourth largest in the advertising business worldwide with billings of $ 3.7 billion last year, has operations in 52 countries. BBDO clients with Indian interests are PepsiCo, Apple Computers, Nestle, Philips and Gillette.

DRAYTON BIRD

What's the bane of lazy advertising people? A hot concept called direct marketing to make sales just sizzle. Drayton Bird, vice-chairman, Ogilvy & Mather Direct, London, defines it as: "any activity whereby you communicate with your customers directly or they respond to you directly." The objective says Bird, "is to isolate people as individuals and build a relationship over time."

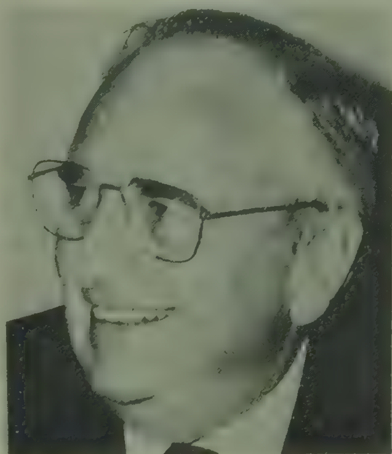
And that's not textbook talk. With media reach becoming less

effective, direct marketing techniques such as direct mail can score over general advertising messages. Established in 1977, O&M Direct's current billings stand at $ 700 million in 46 offices worldwide — there's one in India too.

"I cannot think of any marketing problem where it doesn't work," says Bird, who was here to participate in OBM India's 60th anniversary celebrations and a training programme in Goa.

LORD YOUNG

"The year 1992 will provide India a unique opportunity to use Great Britain to address a market of 321 million people," says Lord Young of Graffham, the British secretary for trade and industry. Young, who was in Bombay last fortnight, allayed

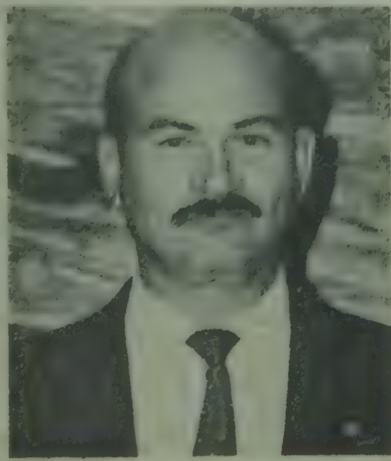


fears that lowering trade barriers within the European Community would mean an increase in its barriers to trade outside.

Young, who wants faster clearances for proposals from the UK for investment in India, sees possible collaborations in the oil and gas industries, and in food processing. During his visit to India, he invited Jagdish Tytler, minister of state for food processing, to visit Britain.

GREGORY J. PEEL

Western Digital Corporation, based in Irvine, California, with sales of over $ 900 million, makes components like storage controller chips, communications chips, right up to motherboards. "We make everything that goes into PCs," says Gregory Peel, vice-president, international sales. The company has reached Indian markets too. "We are already selling



products worth over $ 2.5 million, and the computer industry in India is growing faster than in most other parts of the world," says Peel.

Western Digital sells its products in India through its agent Priya Electronics and Chemicals Ltd. Peel says that while volumes do not justify manufacture in India at present, this might be a possibility in the future.

NICHOLAS WALT

Speaking at the second foundation day lecture of the Bombay Management Association, Nicholas Walt, a strategy planning consultant from the UK, drew attention to the cultural ripple effects of takeovers and acquisitions. He stressed the need to merge the managerial and the stockmarket perspective. Walt did not agree that the spate of takeovers worldwide was necessarily a bad thing. "If companies cannot maximise returns from their assets they should either sell to someone who can or face the prospect of

being taken over," he says.

Walt has a distinguished track record, which includes working with the Boston Consulting Group, and the Imperial Group in England. The Imperial Group grew by acquisitions, but was itself taken over by the Hanson Trust. The moral of the story, Walt says, is that every company needs to find out whether it is "the right parent for its businesses".

CHARLES S. MYERS

"Our main objective is to establish a relationship with Indian manufacturers who export value added products for upmarkets worldwide," explains Charles S. Myers, president, Leather Industries of America Inc (LIA), a major participant at the India International Leather Fair held in Madras recently.

Eight major American companies formed the LIA pavilion. The attempt was to display American lifestyle leather products to Indian manufacturers. "In order to export successfully, Indian manufacturers will need more leather of this quality, which is not locally available," observes Myers.

Incorporated in 1917, the LIA represents "the voice of the American tanning industry". It's representatives first visited Madras in June 1988, and followed it up by coming to the fair. Myers has been trying to get a delegation from India to visit the US through the Council for Leather Exports.

INDUSTRY

Should it back party-run schemes?

The ranks of big industry have been split many times in the past, but never for a cause so unlikely as the current one — the proposed AICC sponsored economic programmes.

While Raunaq Singh and R.P. Goenka, are keen to fund the mid-day meal, employment generation and *sari-dhoti* schemes of the AICC, or at least make a show of their intention to do so. Viren Shah is vociferous in his opposition to this idea.

Things came to a head this week, when at the closed-door meeting of the managing committee of the Associated Chambers of Commerce and Industries of India (Assocham), Singh, vice-president of the Federation of Indian Chambers of Commerce and Industry (FICCI) and a past president of Assocham, was booed for suggesting that industry fund the AICC plan.

"Hare-brained". Present at the meeting were a galaxy of industrialists including Hari Shankar Singhania and Lalit Mohan Thapar. Significantly, Thapar, president of Assocham who was bailed out by Rajiv Gandhi when V.P. Singh levied charges of FERA violation against him, chose to keep mum and did not come to the aid of fellow Congress (I) sympathiser, Singh.

Not only did Assocham members decide against funding AICC programmes, they thought it fit to advise the government to refrain from taking up such "hare-brained" schemes.

The Assocham conclave presented a stark contrast from the meeting of FICCI elders a month ago where Singh was able to convince all those present of the advantages that could accrue to the industry in terms of the goodwill of the government by supporting AICC plan. Industrialist R.P. Goenka, who was also present at the meeting, was, however, unable to muster support for his suggestion that government impose a 5 per cent tax on corporate profits and cigarette production to finance welfare programmes.

The FICCI elders meet was a sequel to energy minister Vasant Sathe's urgent summons to industry that it assist the AICC economic programmes. Singh, it is believed, had committed to Vasant Sathe, FICCI's willingness to aid the AICC (I) sponsored programmes in mid-December

Singh (left) and Shah: aye and nay

— even before the 'elders' met, though Assocham had sought time from the minister for response.

The matter had come up at Assocham's committee meet in Calcutta in end-December, where Shah who is likely to succeed Thapar as president in May, expressed himself against industry supporting party-run programmes. Given the poor administrative machinery and weak delivery systems the benefits of such schemes would never reach those for whom it was intended, Shah argued to the general agreement of others present, that the limelight would be hogged by Congress (I) politicians, leaving nothing for industry.

But in the minutes of the meeting it was recorded that Assocham needed more time to consider the issue.

■ KINSHUK NAG

RAILWAY BUDGET

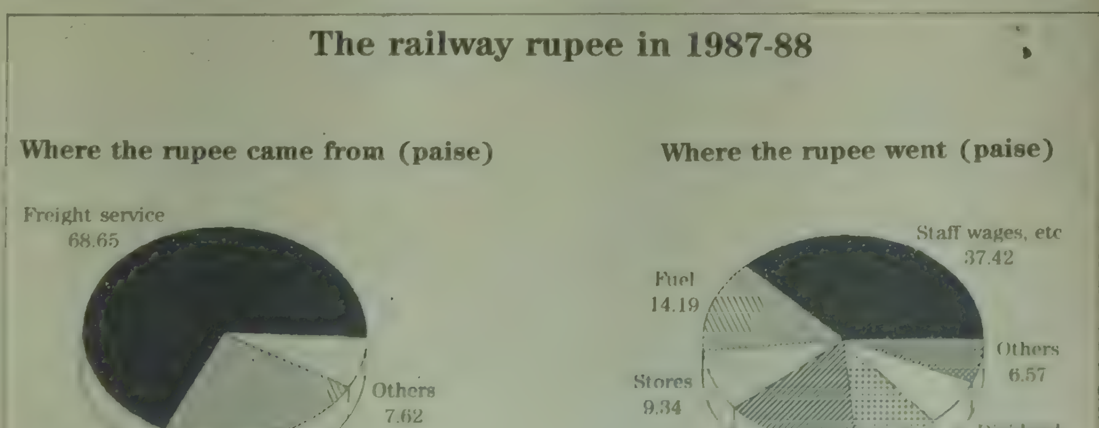
Freight takes the load

With an eye on the ballot box, Madhavrao Scindia, the union railway minister, has completely spared railway commuters, but has imposed a steepest-ever hike on freight and parcel rates in the rail budget for 1989-90.

On the face of it, freight rates are to go up by 11 per cent to mop up Rs.876 crores, 40 per cent more than the Rs.622 crores raised in last year's railway budget (Rs.358 crores was raised from passenger traffic and Rs.264 crores from goods traffic). The hefty increase in freight rates this time has not spared even basic items like food grains and fertilisers. Worse, the budget has also re-classified some commodities like coal, cement, food grains, iron ore for the purpose of freight rates and moved them up in to higher slabs.

Slab jump. Quite expectedly, the railway minister is completely silent on the additional imposts arising out of these reclassification. According to one study, the additional increase in freights could be as much as 7 per cent, taking the total hike to 18 per cent. In case of cement, for example, the freight rates are going to go up by 15 per cent over the previous year. The full implication of the minister's proposals can be realised from the fact that as much as Rs.261 crores (30 per cent) in the total of Rs.876 crores, will be raised from change in classification alone.

Large increases in freight rates will also have a larger cascading effect on prices of various manufactured products. For example, according to Narottam Sekhsaria, managing director of the Gujarat-based Gujarat Ambuja Cement, the direct and indirect (through increase in power rates) impact of the rise in freight rates for coal will be at least between Rs.3.50 to Rs.4 for a bag of cement. "When we don't even make 50 paise profit a bag, I wonder how we can make up for such an increase," observes Sekhsaria. Similar concern was expressed by a senior official



of Mukand Iron and Steel, who feels that the mini steel plants will be hard hit when the cost of electricity goes up because of an increase in the cost of coal.

According to Scindia's proposals, the total earnings (gross traffic receipts + miscellaneous receipts) for the Railways during 1989-90 will be Rs.10,733 crores. After meeting the total working expenses of Rs.9,788 crores and paying a dividend of Rs.805 crores (last year: Rs.719 crores) to the government the railway will be left with a surplus of Rs.140 crores. Incidentally, this is the fifth surplus Railway budget in a row, which is encouraging. The other major highlights of this year's budget are plans to introduce 15 new trains, construction of four new lines totalling 430 kms, at a cost of Rs.397 crores, a Rs.22.5-crore modernisation of Chittaranjan Locomotives and an addition of 27 suburban trains for Bombay.

Thus, by and large, the balancing act has worked. The common man has not been hurt directly. But, critics point out that no hike in passenger fares this year actually follows a 12 per cent increase last year and they also fear a steep increase in fares next year, once the elections are over.

DILIP MAITRA

BEER

Not party time yet

Beer, the government now feels, is not booze, if the present moves of the central and some state governments are an indication. After 14 long years the government has decided to allow setting up of new breweries for beer. In Maharashtra, the state government has liberalised licensing of beer and liquor shops and has drastically cut down the number of dry days. In adjacent Gujarat, total prohibition is now a thing of the past.

The ban on licensing of new beer units that came in force in November 1975 during the Janata regime consequent to the introduction of prohibition in some states, has been withdrawn. Following this, beer has been brought under the purview of the food processing ministry.

Increased competition. The primary objective is to create new capacities in the industry, which will increase competition; the other objective is to increase exports and collect more revenue by way of excise.

But many in the industry feel that the withdrawal of the ban may not cheer up prospective entrants. Today, there are 15 companies (about 32 breweries) manufacturing beer in the country. Together they make over 210 million litres against industry's licensed capacity of around 132 million litres. So despite the freeze on capacity, production is 60 per cent more than the capacity sanctioned. The market too is extremely competitive. Three large companies — United Breweries, Shaw Wallace and Mohan Meakin — between them have nearly 50 per cent of the market. Among the smaller companies, Associated, Hindustan and Arlem Breweries dominate the other half.

Will new names stand a chance?

Moreover there are atleast 14 unutilised licenses in the country with various parties which can be grabbed at a price ranging between Rs.20-30 lakhs. "No one is interested is spending even this amount simply because the viability is uncertain". says D. Murugesan, chief executive of the Bombay-based Associated Breweries.

Late returns. According to him, setting up a new brewery with latest equipments will cost anywhere between Rs.8 to Rs.10 crores. What is worse, being a non-priority industry it is not eligible to get any assistance from the financial institutions.

According to Murugesan's estimate, even if a brewery of 5,000 kilolitres (the maximum licensed capacity) operates on full capacity, in the first few years the interest and depreciation charges together will be Rs.18 per dozen bottles, while most old units (where these charges are almost nil) do not earn a profit of more than six rupees a dozen. "If all goes well a new brewery at today's cost can generate net profit only after five years or so," he points out. Similar views were also expressed by Sekhar Wagh general manager, Hindustan Breweries. In addition, he feels, that any new entrant will also have to spend large sums to get a foothold in the market where brand names play a major role.

It's not that new companies aren't interested at all. Companies like Jagatjit Industries, Forbes, Forbes, Campbell and Tilaknagar Distilleries, who already make Indian made foreign liquor, may now like to complete their product range with beer. Given their money power, experience in the business, wide marketing network and above all established brand names, making beer for them should be as easy as downing a glass of it.

DILIP MAITRA

HILL PRODUCE

Trouble in Kerala

The turnover tax introduced by Viswanatha Menon, Kerala's finance minister, in his first budget of 1987-88 continues to dog the LDF government. This time it was the state's hill produce merchants who were up in arms. For 25 days, while they locked horns with the Kerala government, the Rs. 75-lakhs-a-day Cochin spice market ground to a halt.

Two issues were at stake: at what point should the turnover tax be levied, and whether it ought to have retrospective effect. In the end, however, they had to back down before the government's resoluteness. The merchants lifted their strike on 2 February and the spice markets of Calicut, Alleppey and Cochin began to hum again. Meanwhile, traders and commission agents have been meeting to work out how to comply with the government's directive. But for the government of Kerala it was no glorious victory; the episode had exposed the many chinks in its armour.

Peculiar structure. Merchants attribute the problem to the peculiar structure of hill produce trade (essentially comprising pepper, dry ginger, turmeric and arecanut). The produce passes through the hands of several intermediaries or points of sale before it reaches the final ex

Hill produces: taxing troubles

porter. At which point should turnover tax be imposed?

On 27 October 1987, the Kerala government had agreed that the tax would be imposed on a point other than that of first purchase. The incidence was to be decided later through discussions with the merchants. Then, on 13 June 1988, the government issued a notification that the penultimate point of purchase would be the point of taxation, ie, the point where the produce is sold to the exporter. Further, the tax would have retrospective effect from July 1987. For an exemption, a trader was required to get a declaration from the purchaser saying that he had paid the turnover tax.

This was what finally impelled merchants to go on strike in the second week of January.

Getting an exemption certificate was not just cumbersome, said the merchants, it was near impossible. No exporter or commission agent would bother to give one. Also, as Hassan Koya, general secretary of the Kerala Hill Produce Merchants Association, points out, though the first purchaser and some categories of commission agents are exempted from the tax, either of them could also be the penultimate purchaser. It thus becomes tough to define the penultimate point of purchase.

The merchants are, however, ready to accept a turnover tax at the last point of sale, as in the case of rubber, but the Kerala government cannot agree because the last purchaser is often an exporter — a category beyond the state government's purview. The government had already succumbed to earlier pressure from Kerala's general trade and displayed two acts of kindness: it had reduced the turnover tax from 1 to 0.5 per cent, and raised the exemption limit from Rs.25 lakhs to Rs.50 lakhs.

While underscoring the government's resolve not to bow to the tough-arm tactics of the merchants, Viswanatha Menon accused the agitation of being politically motivated. He pointed to the 30-odd times the government had met the merchants on this issue; surely no one could accuse it of close-mindedness or apathy.

No united front. The merchants did not present a truly united front. Twenty-eight of them had already begun paying the turnover tax. And as the strike protracted, the Cochin Hill Produce Merchants Association urged its parent association to call it off. Both the India Pepper and Spice Trade Association and the Indian Chamber of Commerce and Industry, Cochin, asked for an end too. This was because most of the Cochin-based merchants had urgent and lucrative export commitments to honour. (Not surprisingly, some of the produce was smuggled out through the Tuticorin port in neighbouring Tamil Nadu.)

To break the strike, the Kerala government threatened to enter the market itself through the Kerala State Co-operative Marketing Federation. But considering the fact that the federation has neither infrastructure nor money, this did not hold much water. The linkages between the federation's 150 primary marketing societies and the apex body are weak. Thus, the agitation also served to drive home the point that the Kerala government should spruce up its co-operative marketing network.

Ultimately, the government had to give the merchants a grace period of one-and-a-half years (up to 30 June 1990) to cough up the tax arrears. Following this, the merchants called off their strike on 2 February. They also said that chief minister E.K. Nayanar had promised to waive these arrears should the state's financial position become rosy by that date. Meanwhile, they might well merrily recover the turnover tax from the grower by paying him less. Many merchants will also start floating a string of new companies to share the total turnover. By showing each company's turnover at just under Rs.50 lakhs they can avoid the turnover tax. But merchants who deal only in pepper will have to establish far too many such small companies — so great is their turnover.

■ K.G. KUMAR

BMC

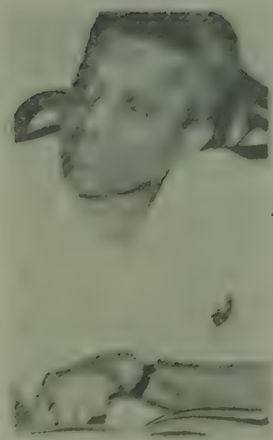
Two cheers for the surplus

On 20 February, S.S. Tinaikar, the municipal commissioner of Bombay, created history of sorts. The budget estimates for 1989-90 that he presented to the standing committee of the Bombay Municipal Corporation (BMC), showed a surplus for the first time since 1971-72. Says Tinaikar, "It is not very difficult to show a surplus. The problem arises when the desire to spend more than the purse can afford is not curtailed."

The budget estimates show an income of Rs 533.03 crores and an expenditure of Rs 544.57 crores. The net deficit of Rs 4.92 crores (after taking into account the deficit during the previous year and the positive opening balance) is to be absorbed by an increase in revenue receipts to the tune of Rs 5.78 crores. This will result in a surplus of Rs 85.78 lakhs.

Largest source. Octroi continues to be

Rao: civic amenities sacrificed



Tinaikar: surplus but no new projects

the single largest source of municipal revenue. Says Tinaikar, "Out of the total budgeted income of Rs 533.03 crores, octroi will contribute Rs 340 crores (64 per cent), 17.24 per cent higher than the revised estimates for 1988-89." Property tax (budget estimate: Rs 72 crores), the other major contributor to the BMC's coffers, is levied on the rateable value of the property which has been frozen by the Rent Control Act, and not on the market value. Says Tinaikar, "The value of property in south Bombay is reportedly among the highest in the world. However, we do not receive the full benefit from this, on account of the artificial gap between the market value and the assessed value for property tax."

While the average Bombaywalla will now have to cough up more by way of general tax and fire tax (resulting in an increase in revenue by Rs 5.33 crores), Tinaikar says, "I would like to believe that some of the major savings will come from within the corporation." Tinaikar has identified five areas for cost curtailment. Prominent among them are a reduction in estimated establishment costs by 10 per cent; a reduction in other expense items by 10 per cent; and a reduction in the provision for meeting unforseen expenditure in each constituency from Rs 5 lakhs to Rs 1 lakh. A cut in establishment costs is particularly important as it has been steadily increasing over the years. In 1983-84 it accounted for 53 per cent of the income, whereas in 1989-90 it is expected to account for as much as 66 per cent.

Sharad Rao, the articulate president of the Municipal Mazdoor Union (MMU), and a former civic corporator, is not impressed by Tinaikar's attempt at housekeeping. He says, "The savings in this budget can only be executed at the cost of civic amenities." By Rao's estimation, the savings that Tinaikar talks about will result in a 25 per cent cut in civic services, which will ultimately affect the citizens of Bombay.

At a standstill. By Tinaikar's own admission, Bombay will witness almost no new projects in 1989-90 and even projects under construction will come to a standstill. The proposed 18-storey building for the Nair Hospital is a typical example. While the foundation has been laid for 18 floors, no more than three floors have been completed for lack of resources.

For a municipal corporation which has an annual budget larger than the annual outlays of Manipur, Sikkim and Tripura put together, the surplus for 1989-90 is important, symbolically, if not in real terms. But will this surplus budget have any impact on Bombay's citizens?

Rao for one, feels that surplus or no surplus, the bulk of the expenditure will only go towards the maintenance of the existing facilities, given the increased pressure on them. So while the BMC authorities might choose this occasion to pat themselves on their backs, the Bombayite is going to have to face up to increased taxes with minimal benefits accruing from them.

■ SHIV TANEJA

FINANCE

ICICI's alternative to leasing

Any change in the rule book that affect the corporate sector's tax bills, throws up fresh opportunities for the financial services industry. Last year's government guidelines on a uniform accounting year for tax purposes is one such instance that has led companies to look for fresh options in financing the acquisition of assets. While some bank subsidiaries are seriously considering an entry into hire purchase services, the Industrial Credit & Investment Co of India (ICICI) is already out with a new scheme.

"In the course of our marketing efforts for leasing, we have felt the need to offer an alternative funding option to our clients who prefer to avail of the capital allowances available on equipment (acquisitions)," says the ICICI, in an introduction to the instalment sale scheme they launched last August.

User is the owner. The scheme, which borders on hire purchase, involves the purchase by the ICICI of equipment identified by its client, after which the asset's ownership is transferred to the latter, along with the attendant warranties, maintenance and spares contracts. The ICICI, which retains a charge on the asset, recovers the amount from its client over a 3-year or 5-year period.

For companies in search of tax breaks, this scheme scores over leasing, as it allows them to claim depreciation right from day one. Hire purchase also affords this facility, but ownership of the asset is passed on to the user only after payment of the final instalment. The ICICI scheme is different from term lending facilities offered by banks and financial institutions in that it is asset-specific. Normally, term loans are advanced for industrial projects as a whole.

While, for all practical purposes, the ICICI scheme is akin to hire-purchase, it is able to offer better rates. It is attractive particularly to companies with accounting periods of over 12 months this year. For example, a company with an 18-month accounting period that acquires an asset under this scheme in March this year will be able to provide depreciation of upto 50 per cent, assuming that the annual rate is 33.3 per cent.

Fresh competition. While many finance companies offering hire purchase schemes for consumer durables and vehicles are believed to be facing fresh competition from the ICICI scheme, sources say that the latter will restrict itself to plant and machinery. Although the ICICI proposal provides for extending the scheme to cover vehicles, it is unlikely that it will do so, according to a senior official of the financial institution. Nor is the ICICI likely to get into hire purchase, at least for the present. "Under the hire purchase scheme, the client has an option to return the asset at any time before the completion of the contract. What will we do with it, in case it is returned to us?" says the ICICI official.

However, ICICI sources believe that its instalment sale scheme will lend a fair degree of stability to the hire purchase market. They also see good prospects for the scheme, even if the RBI allows the merchant banking subsidiaries of the State Bank of India, Canara Bank, Bank of Baroda and the Punjab National Bank to enter the lucrative hire purchase market.

■ SHANKAR P

COMPUTERS

What happened to the price war?

Much has been written about the price war among computer manufacturers and the cut-throat price competition in the PC market (*Business India*, 6 October 1986). Over the past few months, there appears to be a trend in quite the opposite direction — PC prices are actually going up! Both WIPRO and HCL, the market leaders have raised their prices, and observers feel that it is only a matter of time before the rest follow suit.

Wipro's PC is now listed at Rs.42,000 and HCL has jacked up its price by 15 per cent to Rs.37,000. This new trend is really surprising, given the way the market has been behaving — with price-cutting and discounts — in the past few years.

Chips costlier. It now appears that in the past few months, a number of factors have led to manufacturers being forced to raise prices. The most quoted reason has been the price of memory chips going sky high and the fluctuations in the dollar rate. A 640 kilobyte RAM chip that was available for $ 3 one year ago, hit a high of $ 13 in the spot market recently and is now settling down at around $ 8. Says Raj Saraf, managing director of Zenith Computers, "Our cost of production has gone up with the dollar and the memory chip price fluctuations."

And, of course, companies like HCL which have grown incredibly over the past few years have larger overheads now. Brijesh Khanna, HCL's regional manager (computers) at Bombay concurs: "We are selling PCs directly all over India, and supporting this nationwide infrastructure have sent the costs up."

Also, companies like Wipro are now looking towards the bottom line and profits, rather than market shares. Says Anal K. Jain, general manager (micro computers), Wipro Information Technology Ltd, "In the light of Wipro's high product quality, we do not expect our market share to be affected by the price changes."

PC's prices going up

However, some of the other manufacturers have not raised their prices. Hinditron's director, Pravin Gandhi, says, "Till now we have not felt the need to do so." According to C. Sivasankaran of Sterling Computers Ltd, "Excise or customs duties have not increased. Memory chip prices are already coming down. That is why we have not increased our prices."

This disorganised state of affairs among the manufacturers is fully reflected in the widely fluctuating prices in the market. Dealers are thoroughly confused about market trends and exact prices are difficult to establish. With the budget just around the corner, the dealers fear that prices will go up again with hikes in duties. Prices are bound to firm after the budget, but whatever terms the government fixes, it appears that the customer's love affair with the PC is going to cost him a lot more than before.

■ GAYATRI BHANDARKAR

CEC

Taking concrete shape

In a rare show of unity, cement manufacturers have come forward to set up the Cement Export Corporation (CEC). What was just a topic of debate till recently took concrete shape on 23 February, at a press briefing in Bombay attended by several industry heavyweights. M.H. Dalmia, chairman of the Cement Manufacturers Association (CMA), announced, "Shortages in cement are over, production has doubled in the last six years and the time has come to export. The cement manufacturers have therefore decided to join hands to set up CEC, with the single objective of pooling the resources of all the leading cement producers in the country and providing the necessary thrust to export in about 3 to 4 years roughly 4 million tonnes valued at Rs.200 crores in foreign exchange."

The CEC will be run independently, headed by A.L. Kapoor who resigned as whole time director from the Associated Cement Companies Ltd a few months ago, as managing director. Dalmia expects all the 90 member units to contribute to an export development fund. Each unit is expected to contribute Rs.10 to Rs.20 per tonne of production, but the exact details have not yet been worked out.

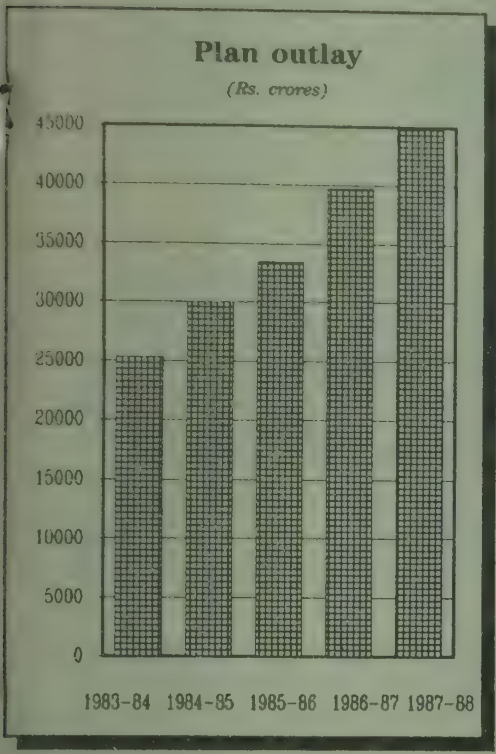
Kapoor and Dalmia: show of unity

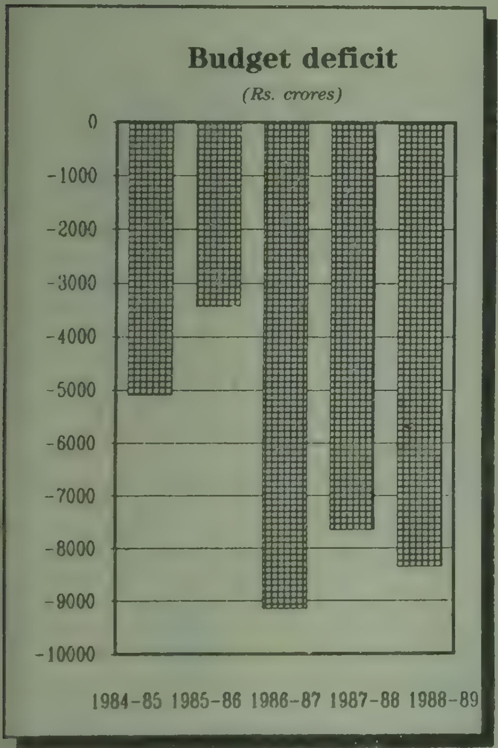
Not waiting. But manufacturers are not waiting. Some companies have reportedly filled up orders from Nepal, Bangladesh and Sri Lanka totalling 1.5 lakh tonnes. These orders will be executed by CEC once it is incorporated. If this initial enthusiasm holds, the level of 800,000 tonnes exported, back in 1976-77, is expected to be crossed in no time. CEC will buy cement in the open market to fulfil export demand, acting out the role of a "voluntary canalising agency".

To fight a glut in the domestic market, Indian cement manufacturers have had to scour markets overseas. Given the cascading duties that the industry faces, the cost of manufacturing cement in India is Rs.1,150 per tonne. The selling price per tonne of cement in neighbouring countries is much lower — $ 51 (c.i.f) or Rs.750 to Rs.800 per tonne. Shipments abroad therefore would mean taking a cut in realisation of Rs.300 to Rs.350 per tonne. About 15 to 20 per cent of this amount would be received under cash compensatory and duty drawback schemes, but the industry would have to bear the rest of the loss. "We are not going to depend on monetary support from the government — the CEC members have decided to share the loss equally," proclaimed Dalmia.

For how long? An industry where profits are under a squeeze is making brave efforts to channelise surplus production outside the country. If that helps to level off the comfortable surplus position in the domestic market, in the medium term, the CEC concept is worth a try.

■ BASUDEV DASS





Steady as she goes

All's well that ends well. This seems to be the situation, at least for the time being. According to the Economic Survey — 1988-89, the economy has shown a strong recovery in agricultural production and sustained the momentum of industrial growth in 1988-89. This in turn has been reflected in GDP growing at around 9 per cent.

The Survey is optimistic. Foodgrain production will exceed the target of 166.57 million tonnes set for 1988-89. This translates into an agricultural growth of around 17 to 20 per cent. Granted, last year was an especially bad year due to the severe drought, but even if one takes the all-time high of 152.37 million tonnes reached in 1983-84, the growth rate is around 9 per cent. The target of 175 million tonnes set for 1989-90 now seems realistic.

This significant growth, the Survey points out is due to the emphasis given to the quick completion of irrigation projects and adequate availability of inputs like seeds, fertilisers, pesticides, etc. The other major achievement on the agricultural front apart from foodgrains is growth in oilseeds and sugarcane production. Oilseed production has been stagnating at around 12 million tonnes since 1981-82 but is expected to be around 15 million tonnes this year.

Infrastructure does well

The strong economic growth is largely due to the excellent performance of infrastructure industries, especially steel, cement and fertilisers. However, production of coal, petroleum products and power generation has not been satisfactory. In fact, crude oil production has been stagnating at around 30.0 million tonnes. However, production in the current year is expected to be around 32.18 million tonnes.

The Survey is candid about the slow progress made in energy conservation. The elasticity coefficient of consumption of commercial energy with respect to GDP between 1960-61 and 1982-83 has been estimated at 1.62. This is on the high side, but it has now declined to 1.45. But the Indian economy and Indian industry, in particular, is definitely a gas-guzzler. This is borne out by the fact that while in 1987-88 growth in GDP was 3.6 per cent, consumption of petroleum products increased by 6.3 per cent and demand for electricity by 9.7 per cent.

The Survey rightly points out that, "increasing dependence on hydro-carbons for energy needs is a matter of serious concern when viewed against the backdrop of depleting fossil fuel resources and rising costs of production. There is potential as well as urgent need for energy conservation through better house keeping, introduction of more fuel efficient engines, retrofitting of existing boilers with fuel efficient ones and replacement of oil with coal and other fuels whenever possible."

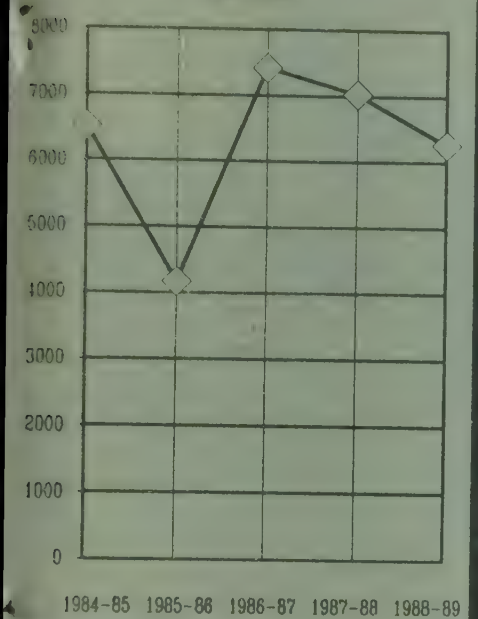
Stronger renewable sources

But in the area of renewable sources of energy some progress has been made. For instance, about 1 million biogas plants have been set up so far in the country. Under the programme for introducing fuel efficient chulhas, 1.52 million chulhas were set up in 1987-88. About the same should be set up this year. Also, some progress has been made in the development of silicon solar cell technology. But many of the projects such as biomass gasifier systems, the harnessing of wind energy, micro hydel systems etc, are still in the basic stages, and efforts should be made to make full use of these resources.

It is not only the agricultural front that has done well this year. Data available up to November 1988 suggests that industrial growth would be the highest in the decade. Expectations are that the manufacturing sector should grow at around 10 per cent or higher this year. So far the highest growth that has been achieved was in 1985-86 (9.7 per cent). The heartening thing is that within the manufacturing sector growth has been quite broad-based. For instance, chemicals has grown at 18.8 per cent, non-metallic mineral products at 17.1 per cent, rubber products at 17.1 per cent, rubber, plastic, coal and petroleum products 15.5 per cent and machinery at a whopping 23.65 per cent.

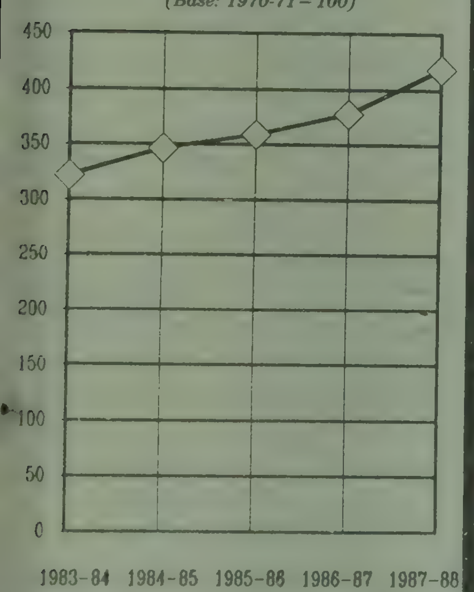
Changes in money supply (M1)

(Rs. crores)



Wholesale price index: all commodities

(Base: 1970-71=100)



Fiscal mess

The Survey, perhaps for the first time, points out the fiscal mess the government has created. The revenue account of the centre's budget has widened to Rs.8,497 crores, up Rs.1,264 crores from the targeted amount of Rs.7,233 crores. As a proportion of GDP this worked out to 0.6 per cent in 1979-80, which has increased to 2.6 per cent in 1987-88. This, as the Survey rightly points out, is disturbing because the widening current account deficit consumes capital receipts without generating matching assets.

Says D.R. Pendse, economic advisor to the Tata group of companies, "The fiscal mess created by the government is the number one economic problem of the country and is also the root of most economic problems."

This fiscal imbalance has a cascading effect on both price stability and external balance. This leads to additional creation of money which in turn leads to inflation. Inflation makes domestic goods more costly vis-a-vis foreign goods, which makes our exports more expensive and less competitive in the world markets.

Due to growing fiscal imbalances the rate of inflation has been high. As the Survey points out, "a reduction in the underlying average rate of inflation in the medium term is likely to require a reduction in the average rate of growth of money supply, which in turn will entail moderation in the scale of central government budget deficits."

The rate of inflation has been for some time now a major constraint to economic growth. The Survey points out that inflation was around 11 per cent in 1987-88. But in the same breath it says that it was significantly lower than what had been expected. Surely 11 per cent by itself is a high rate considering that many countries have been able to bring inflation down to a single digit. Since the majority of the workers are not in the organised sector, inflation erodes their purchasing power over time. Says Pendse, "the government has taken a very complacent attitude towards inflation."

Savings stagnate

The rate of gross domestic saving has tended to stagnate in recent years. The Survey points out that stagnation in the savings rate "can be largely attributed to a deterioration in savings by the public sector and especially to the sharp increase in dissavings on government account". The household sector on the other hand has done rather well and savings has been maintained at between 15-17 per cent of GDP.

According to Pendse the growth of capital markets is the result of institutional innovation in the form of the Discount and Finance House of India and the Securities and Exchange Board of India.

One of the ways the government can increase the rate of savings is through the public sector. Dr.D.T. Lakdawala, noted economist, says, "The public sector has to be made more efficient and losses have to be eliminated. However, the current trend is that the public sector companies are beginning to shape up."

Among other things, balance of payments (BOP) has always been the bane of the Indian economy. In the current year (April-December), even though exports have increased by 24.4 per cent in rupee terms (13.3 per cent in dollar terms), imports have increased by 27.4 per cent. This adverse balance of trade has had an impact on foreign exchange reserves. Reserves are down to Rs.5,967 crores (January 1989) from Rs.7,687 crores just a year ago. Lakdawala is of the opinion that the BOP situation is not out of control, but certainly imports need greater scrutiny.

In sum, if the economy has to maintain its growth rate something will have to be done to reduce the fiscal deficit. The Survey recommends tighter curbs on current expenditure, steps to enhance buoyancy of tax revenues, and measures to broaden the effective base for direct taxation. Pendse feels that privatisation of public sector enterprises, which has worked so well in the UK, should be tried out on a selective basis in India. Indeed a good suggestion, but given the current state of most public sector enterprises in India, will there be any takers? ■

ASPI CONTRACTOR

The invisible workforce

Women make a significant but silent contribution to the economy and to family welfare — a fact that planners and industry tend to overlook. But perceptions are changing, and the figures and studies that now abound must be translated into real terms. An overview to mark International Women's Day

Women in agriculture: 12 hours of back-breaking work

Women hold up more than half the sky. Far from being just a vigorously uttered slogan, government studies reveal that the female workforce in India does indeed make a significant contribution to the nation's economy and family welfare. Yet, at the same time, this economic contribution is either abjectly unrecognised or where taken note of, is qualitatively unprotected. "Unless bold interventions are made to correct imbalances, we would be entering the 21st century with our women left far behind," says Margaret Alva, minister for human resources development.

According to the 1981 census, 89.5 per cent of women workers are engaged in the unorganised sector, of which a huge chunk — 82.3 per cent — actively participate in agricultural and allied operations. This massive segment of the female workforce contributes as much as 60-70 per cent to total agricultural activity in our villages.

Menial jobs

The rest of the female workforce in the unorganised sector performs the most arduous and monotonous tasks, slogging it out as paper-pickers, or earning a bare pittance in home-based industries like *beedi*-rolling, readymade garments, *zardozi* work, *masala* pounding and bangle-making.

"Despite all popular misconceptions that Indian women do not work, the majority of poor women in our country are working and contributing to both the family and the economy," says Renana Jhabwala of the Self-Employed Women's Association (SEWA), an organisation involved in mobilising women working in the unorganised sector.

The draft National Perspective Plan (NPP) document for women and the Shram Shakti report both support this contention. They outline in detail examples of gross exploitation of female labour, in terms of low wages, long working hours and utter vulnerability. But census figures belie this; when data is collected, volunteers only consider the male head of the family as tiller of the land. This render the valuable work of women as unperceived and hidden.

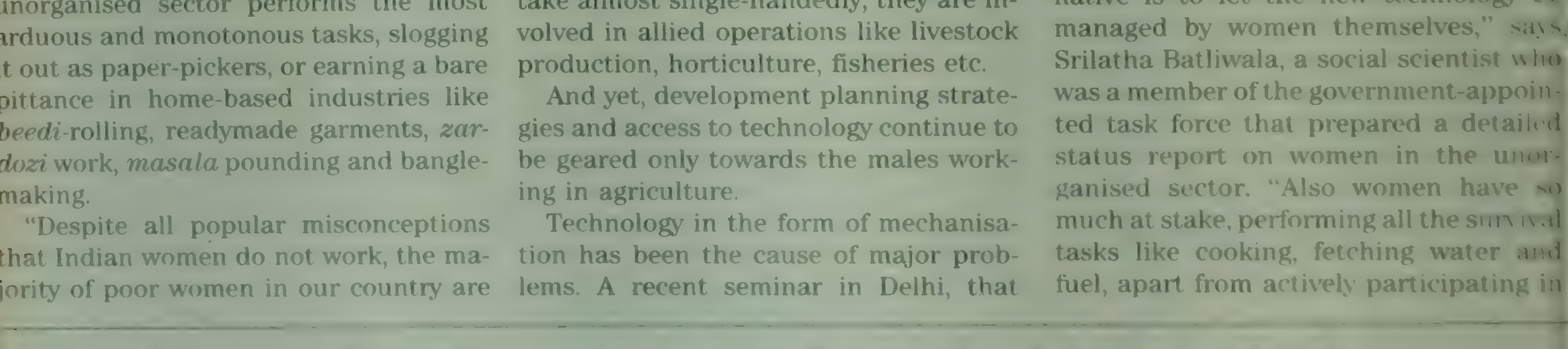
On an average, the female agricultural worker sweats it out on the fields for 12 hours a day. Other than ploughing, there is hardly any agricultural activity which women do not actively perform. The studies reveal that apart from operations like sowing, weeding, transplanting, threshing and husking that they undertake almost single-handedly, they are involved in allied operations like livestock production, horticulture, fisheries etc.

And yet, development planning strategies and access to technology continue to be geared only towards the males working in agriculture.

Technology in the form of mechanisation has been the cause of major problems. A recent seminar in Delhi, that dealt extensively with the declining status of women in the agricultural sector produced studies to show that research and development in agricultural technology has been oriented entirely towards male tasks like ploughing. When introduced in other activities, it tends to displace women, taking away from them tasks that were previously their exclusive preserve.

Survival tasks too

"However, technology is vital to reduce the physical labour of women. The alternative is to let the new technology be managed by women themselves," says Srilatha Batliwala, a social scientist who was a member of the government-appointed task force that prepared a detailed status report on women in the unorganised sector. "Also women have so much at stake, performing all the survival tasks like cooking, fetching water and fuel, apart from actively participating in



agriculture, that they perforce have to thrash out a workable system," she adds.

This sentiment is reiterated by Jhabwala who feels that the experience of women-run milk co-operatives and wasteland co-operatives in Gujarat has proved that such operations can be run more effectively by women.

The reaction of S.G. Khandekar, general manager of Kirloskar Brothers, Pune (who make farm equipment), when asked about appropriate technology for agriculture, is telling. "We manufacture ploughs through sub-contractors. I cannot explain what went into the choice of this implement," he states.

The inherent bias within technology is also perpetuated by the unsubstantiated belief that women cannot handle machinery. Access to technology is again severely limited by lack of access to credit, women do not have control over landholdings.

The draft NPP for women outlines that land being the principle asset in the rural sector, immediate steps should be taken towards having joint land titles for both wives and husbands. The rural development department has recently issued directives in this regard to all states. Only Assam, Andhra Pradesh, Bihar, Gujarat, Maharashtra, and Goa and Diu have complied with such instructions.

In this context, Jhabwala urges that the priorities of our Development Plans should reflect the legitimate needs of a region — that is, they should come from the *mahila mandals* rather than emanate from the collector's office.

Discriminatory

The blind spot when it comes to women is evident in the wages that remain discriminatory. The minimum wages in agriculture are fixed by each state; but since the census does not accord women the status of workers, they are excluded from the

Heavy loads, discriminatory wages

ambit of law.

The NPP document admits: "There is evidence of government agricultural farms discontinuing the intake of female labour since they cannot flout the government order of paying equal wages to women for equal work on the plea that this creates unrest among the male labour!

At least, one-third of the women are the sole supporters of their families. And yet, even in government programmes like the Employment Guarantee Scheme (EGS) in Maharashtra, men get twice as much as women for the same work.

In Jammu and Kashmir, while men earned Rs.15 per day as agricultural workers, women were paid Rs.10 per day for the same work. In Assam, official studies show, men were paid Rs.12 per day and women Rs.8, again for the same work.

Women construction workers in many places get Rs.15 per day and men Rs.25-30. Nowhere can the discrepancies be seen as clearly as in the brick industry. Here, the woman who loads, transports and unloads as many as 20 bricks at a time get Rs.5 per day. But the men engaged in stacking the bricks at the kiln make more than Rs.10 per day!

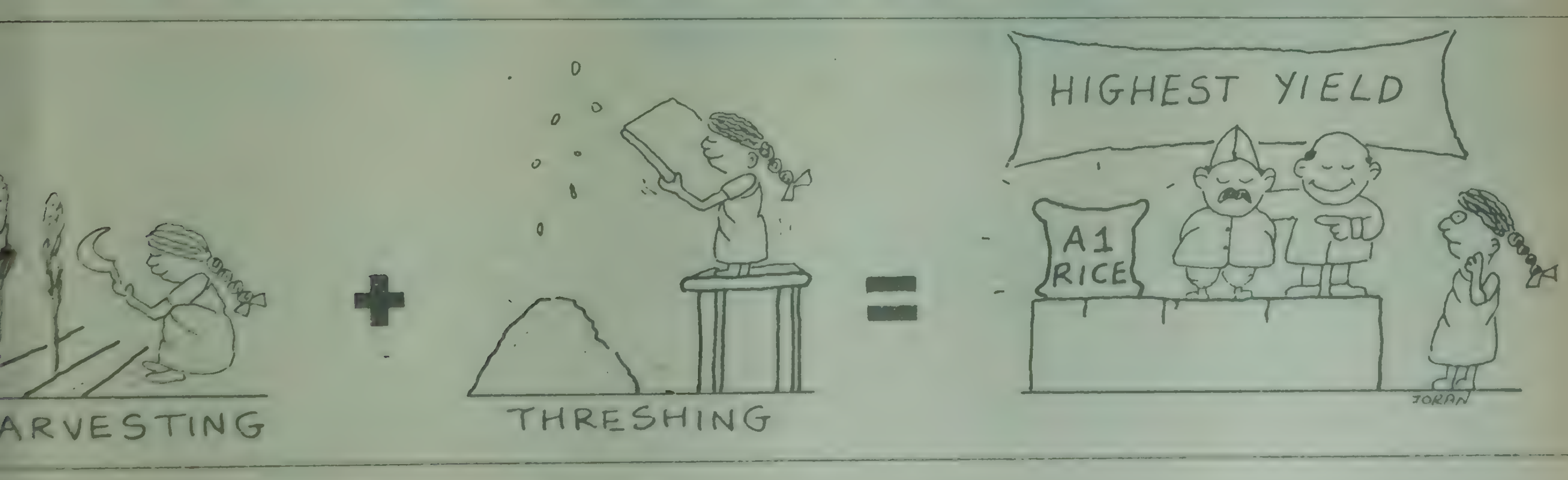
Despite this, ironically, a government study shows that in 20 per cent of the households the woman's income was 100 per cent of the family's income; in another 20 per cent it constituted at least 50 per cent. This shows that a women works twice as hard for half the wages as men in economically productive work and moreover, that her income is the mainstay of the family.

In the unorganised sector, one of the most vulnerable and exploited segments are the home-based workers. They receive low wages, work long hours, and receive no protection against unfair conditions or health hazards. The fact that they work from home with their own equipment merely aids the employer in denying the employer-employee relationship.

Unprotected

Except for *beedi* workers, women in this segment remain totally unprotected by legislation. Making *agarbattis*, paper bags, garments, cotton-pod shelling, ground-pod shelling, hand embroidery, *zari* work, cleaning grain, block printing, match-stick making, *papad* rolling, subassembling electric and electronic items, packaging and labelling industrial goods are some of the activities undertaken this way in home industries.

"As a group, this section of poor women who are at the mercy of middlemen and contractors are the most politically, socially and culturally vulnerable," says Jhabwala of SEWA "But, as individuals, these women are really tough and very open to learning and acquiring skills... the relevant thing is, how do we reach them?" she asks. Jhabwala strongly advo-



cates the empowerment of women's organisations to articulate the planning, development and technological needs of these women workers.

Things in the organised sector are markedly different. Both assembly line workers labouring at unskilled and semi-skilled jobs and trail-blazing entrepreneurs, bankers and ad-executives constitute 10 per cent of the total female workforce. Though they constitute only 13.3 per cent of all employees in the organised sector, their high visibility in certain positions in the last decade speaks of changing perceptions.

Usha Sundaram, the first woman stock broker on the Bombay Stock Exchange (BSE), feels that the attitude in business and finance has begun to change, indeed where women are being allowed into traditionally male bastions. "I was very lucky to be able to succeed at what I always wanted to do — a business of my own. I think the BSE was ready to let in women when I applied," she adds.

"Though there was nothing on the stock exchange's rules or regulations either welcoming or prohibiting women from becoming members, it was only 3 years ago that the governing board admitted women members," says Bhanu Sanghvi, PRO of India's largest securities exchange.

Appropriate for whom?

"Technology that causes unemployment or displacement of women must be resisted..modernisation of traditional employment sectors for women should be selective and mechanisation should be allowed only in cases where work is hard and strenuous and injurious to health." (NPP, 1988).

Yet:

- automatic grain threshers, almost exclusively operated by men, have invaded all green revolution belts in Punjab, Haryana and Uttar Pradesh. Twenty years ago threshing of harvested grain was done exclusively by women labourers and peasants.
- rice-husking machines introduced by government and supported by bank credit has eliminated women in this activity in the rice belts of West Bengal, Orissa and Andhra Pradesh. Prior to mechanisation, men would not be caught dead manually husking rice, a woman's job!
- an a similar situation displaced women workers from net-making in Kerala;
- a shell-less cotton-pod planted in Gujarat, killed the employment of 30,000 home based women cotton-pod shellers;
- the decision of public sector companies, under the direct control of the government to use new jute bags instead of re-sewn ones put 10,000 bag stitchers out of jobs; and
- in the coir-yarn spinning industry, where stretching and twisting of coir yarn causes severe lacerations and abrasions on women's and children's palms; women were not consulted, before introducing appropriate technology — a wooden spindle-like device that was developed to shield the palm from the sharp fibre was too large for a female hand.

Open culture

"Advertising, especially in an open-minded metro like Bombay, threw open its doors to women several years ago," says Anita Shorey, art director, Enterprise Advertising, an ad agency with a total billing of Rs.10 crores annually. Formerly an assistant creative director with Lintas, Shorey feels that this openness is a reflection of the city's culture. Delhi and Madras, even in the same field, are more closed in their attitudes, she adds.

Though the advertising business is now 'open house' for women professionals, Shorey feels, "There seems to be a slight hesitation in admitting women into the topmost levels." That is, including a woman on the board of directors of an agency.

But in organised industry too, wages is a problem area. The constitution for the public sector and the Equal Renumeration Act, 1976 (that became applicable since 1979) legally incorporate the principle of equal pay for equal work in all forms of employment.

"In spite of this, our experience has shown that in the private sector anything goes," says Gayatri Singh, Bombay high court lawyer and former trade unionist. She cites the case of Audrey de Costa, a woman stenographer in Mackinnon Mackenzie who had to fight a legal battle for ten years before she was granted the right to receive the same wages as her male counterparts in the organisation.

This sentiment is echoed by Meena Kaushik, director of MARG, in exclusive charge of Quest, Marg's qualitative research wing. "There is no corporate law that protects women's rights to employment within the private sector and gives them the right to motherhood." Her organisation is women-dominated and she stresses that it is important not to lose staff, by adopting a more flexible policy — at the time of maternity, for instance, staffers are made consultants for a few years, thus retaining the best talent, she adds.

However, this is a rare case. Mostly, where discrimination is not overtly practiced, it is subtly perpetuated by confining women to the least skilled, and therefore the lowest paid jobs.

Figures in both official and other

Confined to low-skill, low-paying tasks

studies confirm this. Surveys of 17 industries showed that women employees were often concentrated in one job category: in cotton textiles where there are 28 job categories, women are concentrated in reeling; in plantations women are predominently pluckers. A survey of employees in Pune revealed that women earn one-third of the median earnings of men and 61 per cent of all female employees held unskilled jobs.

In the service sector, again, women are concentrated in certain jobs: 72.2 per cent of all nurses and medical technicians are women; 30 per cent of teachers are women, mostly employed in primary schools; in the chemicals, advertising and steel industries women constitute 65 per cent of all clerical employees. But for managerial jobs in advertising and in light electrical equipment the top posts appear exclusively for men: women hold 1.91 per cent and 3.11 per cent respectively.

To break out of this job segregation that is reinforced by both management and government policy, women employees need to assert their right and proclaim their willingness to work at all jobs.

It is considered socially unacceptable for a woman who trudges in the blazing sun for 12 hours a day as a plantation plucker to opt for an alternative job as a driver in the same company that gets her male co-worker double the wage. Women, who constitute 60 to 70 per cent of the labour in limestone kilns and quarries in north-eastern Madhya Pradesh, carry 35 kg of raw material for 12 hours a day to and fro! These same women are "protected" from working at night or on machines that are handled by men. Women need to push against such protective legislation that excludes them from certain duties, and demand inclusion in the mainstream.

It becomes interesting here to look at the participation of women in mainstream trade unions which could be their obvious protectors. However, they comprise only 7.5 per cent of the membership of registered trade unions and less than 10 per cent of the office bearers and exclusive committee members.

Male dominance

"One of the major grievances of women workers is the lack of promotional facilities which never find a place in the charter of demands of the union," says Singh, who adds that other women-specific problems like maternity benefits and sexual harassment are given least priority by unions. The high level of male dominance even here perpetuates the problem.

A recent case of the Income Tax Employees Union in Bombay that both took up and agitated for the case of a woman clerk being harassed by an Income Tax officer is one of the few examples of a union seeing a woman employee through.

The awareness build-up in recent years and pressure from women's organisations in the self-employed sector have made government take enough notice to carry out studies and publish reports. Where no figures earlier existed, at least statistics now abound. The need of the hour is to let the significance of numbers be recognised in real terms.

■ TEESTA SETALVAD

The "SEEPZ" case

Free trade and export processing zones worldwide are characterised by a high preponderance of female labour on low wages, often violating minimum wage regulations. Typical is the electronics export industry.

The Santacruz Electronics Export Processing Zone (SEEPZ) has a total of 8,000 workers, 6,000 of which are women. There are 79 electronic and eight gems and jewellery units in the zone. "Women are almost entirely in the unskilled and semi-skilled category," admits R.M. Premkumar, development commissioner, SEEPZ. Except in one unit, Jatin Electronics, where women predominate, yet all the posts of supervisor upwards are held by men, with women confined to low-paid jobs.

The massive discontent among the workforce a couple of years ago led to a kind of unionisation, and the state government was forced to appoint a special committee to fix minimum wages in this sector.

Though the development commissioner insists that these wage levels — skilled, Rs.600; (basic), semi-skilled, Rs.550; and unskilled Rs.500 — are being paid and creche facilities are maintained for women; interviews with some women employees tell a different story.

About eight women employees of Tandon Magnetics who had been working for the last six to ten years began with much lower wages and today, receive just Rs.450 basic and Rs.500 total. "Besides, our factory has been shut for the last few days (since 15 February or so) and though we report for work every day we have received no wages since December 1988."

Women here work in two shifts, 6 am to 2 pm, and 2 pm to 10 pm. These inconvenient hours render creche facilites "almost useless." Said one woman, "It is impossible to bring our children at that hour of the night or morning."

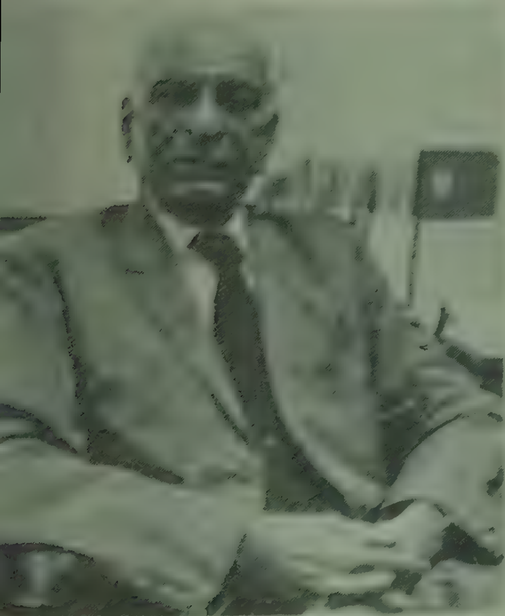
Increasing numbers, and a growing contribution

Private sector at the threshold

exploration in India has hitherto been the exclusive preserve of the public sector. Now, however, some private companies are making an attempt to get involved in this field in a more direct manner

... oil has, over the last century, ... akin to getting a licence to print money. Swashbucklers like John D. Rockefeller, Paul Getty, Armand Hammer and much later, T. Boone Pickens, owe their ... to oil. In India, although oil was found at Digboi in Assam in 1889, production remained small. After Independence, oil exploration has come to be the preserve of the public sector.

And so it was that when M.K. Khan, secretary, ministry of petroleum and natural gas, began his keynote address at the fourth international conference on "Offshore & Marine India 1989", on 8 February 1989, most of the audience were settling themselves down for a day of mild boredom. Then Khan dropped a minor bombshell: amidst a series of accolades for the public sector and its role in oil exploration, Khan announced: "We are extremely keen that Indian companies, in ... should take up oil exploration and drilling in the country. We are prepared to offer them maximum co-operation in this field. In fact, a new company called Hindustan Oil Exploration Company Ltd has already approached us in this regard, and I am happy to say that more companies are showing an interest in oil exploration."



Parekh: HOEC's guiding spirit

Lower costs

Though the government has permitted foreign companies to prospect for oil in nine offshore blocks, Indian companies have not been involved in oil exploration. According to Khan, the government is studying the possibility of private sector involvement in onshore oil exploration, where the costs are considerably lower than those offshore.

While Indian companies have been willing to offer services, for which they receive a fixed fee, few ever considered the possibility of involving themselves more directly in oil exploration. At the same time, the public sector has attempted to "indigenise"; this has largely meant contracting services from the private sector, in areas like oil drilling and providing offshore supply vessels.

Since the demand for oilfield services runs into thousands of crores every plan period, Indian private sector companies have been very enthusiastic in their response. Groups like Essar, the Tatas, Mahindras and many smaller companies have bought, chartered or leased rigs and have contracted them to ONGC and Oil India. Other companies like BHEL and Mazagaon Dock are building rigs, and yet others are bidding for smaller services like seismic surveys. Such services can on their own be extremely profitable. But finally, the oil found is the property of the ONGC and that's where the real money is.

Given India's rapidly growing consumption and the need to step up indigenous production, the government decided in 1981 to open up offshore oil exploitation to foreign oil companies. As Lovraj Kumar, who was then secretary, petroleum, puts it, the aim was "to utilise their technical skills and resources".

According to Kumar, there was no attempt at the time to restrict Indian companies from bidding for contracts. "In fact, two Indian companies did approach me to see if they could participate in the bidding. I told them if they could arrange the necessary technological support, they were welcome," says Kumar. One of the two was Hindustan Oil Exploration Company Ltd (HOEC).

Wahi: "can private companies afford the cost?"

Continuing interest

The guiding spirit (and vice-chairman) of HOEC is H.T. Parekh, founder and chairman of HDFC and a former chairman of ICICI. His interest in oil began in 1975, when he was appointed member of a study group constituted by the Economic Research Foundation of the Indian Merchants Chamber to look into the subject. This preoccupation continued, and in 1983 HOEC was formed. "My idea was to set up an Indian company with Indian expertise and help build the Indian oil industry," says Parekh. At the time private participation in oil exploration was just a dream, but Parekh persisted in gathering funds for the venture.

HOEC has today an authorised capital of Rs.5 crores and a paid up capital of Rs.3.5 crores. Its shareholders include major industrial houses, like the Mafatlal group, Godrej Boyce, Reliance Industries and financial institutions like the Industrial Credit and Investment Corporation. There are approximately 100 shareholders, each of whom have contributed approximately Rs.15 to Rs.20 lakhs.

According to Ajit Kapadia, managing director of HOEC, the company's primary efforts will be directed towards getting an oil exploration licence directly from the government, or from or working under contract with ONGC and Oil India Ltd.

Prospects, public and private

In most countries, outside the Soviet bloc and some developing countries, the private sector has been instrumental in oil and gas exploration and production, and not large companies alone. In the US, for example, the *Oil and Gas Journal* lists 400 companies which produce oil and gas (there are several hundred other companies which provide services like contract drilling). Of the 400, the largest are, of course, giants like Exxon, Mobil, Texaco, Chevron and Shell Oil, each with a turnover in billions of dollars. There are also much smaller companies like Tarus Exploration Inc, which ranks 210 on the list. Tarus has assets of $ 23 million and a net income of $ 1.73 million.

Reserved sector. In India, however, oil exploration has remained restricted to the public sector. This was largely a result of the passing of the Industrial Policy Resolution in 1956, which envisaged the growth of a "socialistic pattern of society". The core sector, including oil exploration and refining, was reserved for the public sector. The petroleum division of the Geological Survey of India was upgraded into a directorate of oil and natural gas. Under the able leadership of the then petroleum minister, K.D. Malaviya, it was converted into a commission in 1956.

Malaviya sought the technical assistance of the Russians and exploration started initially in the Cambay Basin. Though oil was struck at several locations, it was finally the oil price hike in 1974 that galvanised the commission into action.

Under the chairmanship of N.B. Prasad, the commission began exploration of Bombay High (of which there had been indications as early as 1966) and production from the field began in May 1976. The field was a bonanza and when its full exploitation began during the Sixth Plan, India's imports of petroleum products as a percentage of total oil production fell to 30 per cent. Production of crude oil increased from 10.51 million tonnes (mt) in 1980-81 to 30.17 mt in 1984-85, to which Bombay High contributed as much as 70 per cent. But production is expected to fall from the current level of 19 mt to 16.22 mt by 1994-95.

ONGC hopes to boost production to 44.76 mt by 1994-95, by stepping up production from fields other than Bombay High in the western offshore sector, and increasing production in the eastern and southern sectors. But, the commission's ability to meet targets also depends on the funds allocated to it under the Eighth Plan.

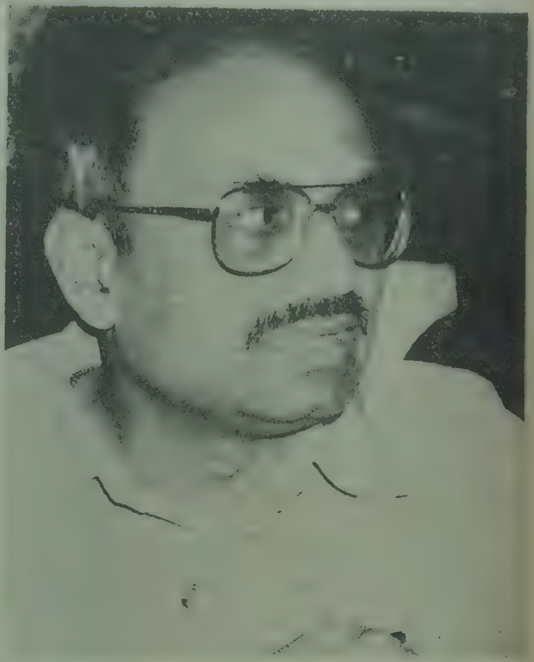
Budgets pruned. ONGC's budgets were considerably pruned in the Seventh Plan period. Chairman Col S.P. Wahi claims that the Planning Commission asked him to continue its exploration efforts; consequently ONGC has spent more than what it was initially allocated. Observers point out that in a perspective plan prepared by ONGC in 1984, it targeted production of 36.93 mt of oil by 1989-90. Subsequently, after its plan allocation was cut, it cut its targets to 31.61 mt.

According to Wahi, he has asked for a plan allocation of Rs.23,000 crores in the Eight Plan, which he expects to receive, since ONGC generates most of its own resources. But with the growing fiscal crisis there is increasing scepticism in oil industry circles whether ONGC will actually receive what it has sought.

India has 1.72 million square km of sedimentary basin with prognosticated reserves of 17 billion tonnes of petroleum. Only three basins, Cambay, Upper Assam and Bombay Offshore, representing barely 10 per cent of the total sedimentary basin, has been explored. Even in these basins, the level of exploration, at 12 wells per 10,000 square km, is well below the world average of 45 wells. Even if oil exploration is stepped up, there is a long lead time between exploration and final production.

Says Prem Sawhney of Bombay Offshore Supply Services, "We discovered our offshore fields in 1973-74. By 1989, we reached a plateau of 20 mt per annum." Sawhney also points out that it takes as much as a decade between discovering oil and bringing the field into full production.

Given the uncertainity about the public sector's ability to maintain the tempo of oil exploration, assistance from the private sector is all the more necessary.



Kapadia: ready to take the plunge

Kapadia was formerly director for planning in the Gas Authority of India Ltd and has headed a task force on gas, set up by the oil industry development board during his tenure with Engineers India Ltd. According to him, there is confusion about what HOEC is attempting to do and what other companies like Essar or Hitech Drilling (of the Tata group) are doing.

"When anyone thinks of oil exploration they think only of drilling," says Kapadia. He elaborates that oil exploration companies the world over subcontract services like seismic surveys and the actual drilling. Their primary function is organising the finance and taking the risk behind the whole venture. HOEC will run on similar lines. At the same time, it will develop expertise in oilfield services through the formation of subsidiary companies.

Licence awaited

Over the last few years, HOEC has made several appeals to the government for an exploration licence. Till such a licence is given, it has decided to participate in the oil sector by providing services; for example, it bid for tenders by ONGC for seismic data acquisition.

HOEC plans to work closely with Asia Foundations Construction Company (AFCON), a premier construction company. HOEC and AFCON have jointly established Hindustan Prakla Geophysical Company, with technical collaboration from Prakla Seismos AG of West Germany for seismic data acquisition. The two Indian companies have also set up Hin-

dage Oilfield Services, with technical collaboration from Mountain Well Services of Canada, for providing facilities in workover drilling, shothole drilling, mudlogging, etc.

The involvement of the private sector in oil exploration gains urgency because of the increasing gap between production and consumption. With the exploitation of Bombay High, India's self-sufficiency in crude oil production was 73 per cent in 1984-85. The absence of any large finds since then and a slower growth rate in production, as against consumption, has reduced this ratio to 60 per cent in the current year.

While there is no doubt about the need to step up oil exploration, there are questions on whether the private sector can drum up the necessary resources. The ONGC chairman, Col S.P. Wahi's personal view is that after the entry of foreign oil companies there is no reason to keep Indian companies out. But he feels that there are no companies with a strong enough financial base to be able to withstand a loss of Rs.30 to Rs.50 crores if an oil exploration venture fails.

ONGC's Sagar Ratna: looking further afield

Wahi points out that ONGC had to spend Rs.1,000 crores in the Krishna-Godavari and Cauvery basins, Rs.300 crores in Bengal, Rs.200 crores in Tripura and Rs.150 crores in Jammu and Kashmir without adequate returns. Wahi claims that ONGC can sustain such investments because it can wait for returns. No private sector company would be able to bear expenditure of such magnitude

Drilling: the private sector can lend a helping hand

Investors willing

Ajit Kapadia counters this argument by pointing out that everything has to start somewhere. When ONGC started in 1956 it was a small organisation which only gained muscle after it struck oil. At this stage, it is hard to estimate the total amount that the private sector would be able to mobilise. But N.C. Singhal, managing director, SCICI points out that 10 years ago it was considered unthinkable that the private sector could put up fertiliser plants. Now, Rs.1,000-crore fertiliser plants are commonplace in the private sector. Also, there are investors who are willing to put up risk capital.

Says Pradip Shah, managing director of Credit Rating and Information Services India Ltd, "There are investors who are not looking for a 50 per cent return every year but who would be willing to invest if there was some basis for their risk taking." He points out that a variety of innovative financing techniques could be utilised, like a bond which would pay interest only when the company is generating income. Of course, much will depend on the kind of tax benefits that oil exploration receives.

Kapadia also points out that while the expenditure on one onshore block could be Rs.30 crores, it would not have to be raised all at one time, but could be done in stages as exploration takes place. Parekh adds that funding can also be obtained from international financial institutions like the Asian Development Bank or the International Finance Corporation. Alternatively, funds could be raised via a consortium of financiers. Prem Sawhney, of Bombay Offshore Supply Services, says that he can think of two international oil companies which would be interested in a joint venture.

The companies which are most likely to go into oil exploration are those which have been involved in oil field services, like the Tatas with Hitech Drilling, Great Eastern Shipping with Great Atwood and Essar with Essar Gujarat. Reliance Industries Ltd has also indicated its interest in the area. In the absence of a definite statement of the government's intentions, most companies, however, have not made detailed projections about the possibility of getting into oil exploration. For example, Vasant Sheth, chairman of Great Eastern Shipping, feels that it is still premature to think of Great Eastern's involvement in such a venture.

Sashi Ruia of Essar is also interested. Essar Gujarat Ltd has built up considerable expertise in oil and operates both land and sea drilling rigs. He would consider going into oil exploration in a joint venture with a good foreign oil company.

One company which is expected to move into oil exploration, and has the financial muscle to do so, is Reliance Industries Ltd. A spokesman for the company said that it could not make any concrete plans for oil exploration until the government announced its policy framework. He did indicate that it would provide a logical backward integration, similar to that undertaken by integrated oil companies.

Reliance has applied for a 6 million tonne refinery in western India, and has already received permission to set up a gas cracker. If it gets permission to prospect for oil, it could conceivably produce naphtha from its own oil, which could then be used to make ethylene, which in turn could be turned into plastic. Reliance has already begun building an oil division and wants first to get into the business of providing oilfield services.

Reliance has a technical collaboration with Dupont whose subsidiary, Conoco, is a major oil company (1987 turnover: over $ 9 billion). Conoco could conceivably assist it if it decides to get involved in oil exploration in India.

Thus, the final shape of private sector participation in oil exploration is as yet unclear. And, given the urgency of finding more oil, the private sector can make a valuable contribution. It would appear that the first hesitant steps are now being taken.

■ KAREN THOMAS

SURPLUS MILL LAND

A way out

MURLI DEORA

The textile workers' problem has plagued Bombay and the state for many years now. Not only has it badly affected the economy of the city and the state, it has, also generated numerous other problems demanding the serious attention of the Central and state administration.

Now that the Government of Maharashtra has made it known that it will permit the mills to dispose of their surplus lands so that owners can clear wage arrears, modernise the mills and resume operations where they are now closed, it is important to go about this in a planned manner.

What is of paramount importance in resolving the textilemen's problem is for the state government to see that the steps taken are directed at a lasting, permanent solution and do not turn out to be merely cosmetic and temporary in effect. Its purpose ought to be to revive the economy of the city by restoring full employment of the affected millmen. By merely allowing the millowners to sell off their surplus land, this may not be quite achieved. For, the owners may pay off the outstandings and resume operation taking back the workmen. However, this will have to be followed immediately by modernisation. But that cannot happen, considering the resources involved. And what is equally important, the modernised mills cannot absorb the entire workforce, which they will be expected to do.

Certain specific suggestions which, under the circumstances, would go a long way in achieving a permanent solution:

- The government create a special rehabilitation cell under the ministry of industry and labour to handle this matter fully.
- The government lay down that all the surplus lands of the city's mills be purchased by the MIDC — the state body which regulates land management in the industrial sector — paying the owners a reasonable, near-market price.
- The funds accruing out of such sale of surplus lands be deposited in a separate account managed/controlled jointly by the state government, workmen's representatives and millowners, and be exclusively used for the rehabilitation of the affected millmen. The special cell would set the norms to be adopted in the management of this account.
- The MIDC secure finances from institutions like UTI, GIC, etc, for the construction of industrial sheds on the surplus land.
- The MIDC offer these sheds to new entrepreneurs from selected industries, such as diamond cutters/polishers/ assorters, garment units, food processors and the like, who can strictly conform to the pollution and other regulations of the MBRDA BMC MPCB. This can be co-ordinated through their apex bodies.
- The government offer these sheds galas to such industries on a "package basis", the package being BMRDA clearance, all NOCs required, power connection, water supply, and other related civic permissions which are now not available owing to BMRDA restrictions on location of industries in the city. This package offer in itself would be an immediate attraction to such service industries as they are at present unable to find even small places for running their units in the city.
- The government enforce as a pre-condition to the sale of these sheds that 75 per cent of their workforce are displaced textilemen and are taken in permanent employment. Where they cannot absorb a millhand owing to his advanced age, they should, as an alternative, take on one of his immediate dependants.

Such decisive moves would convince the people and textile millmen that the government is serious about finding a lasting solution to their problems. Most significantly, the scheme is sound enough to keep out any suspicion among people of a possible government-builder collusion as being the motivating factor behind the decision to allow mills to sell their surplus land.

Industry associations have responded favourably to these suggestions. Jatin Mehta, chairman of the Gem & Jewellery Export Promotion Council, has said that with the recent liberalisation of the Gold Control Order, the jewellery industry in the country should get a boost. It is a non-polluting, labour intensive industry which would require considerable amount of space, and Mehta says his association members would be glad to set up their units in Bombay.

The Apparel Export Promotion Council is another association that is interested. In fact theirs is a very good offer. They have proposed setting up 100 factory sheds of 10,000 square feet each on the surplus land. This would be essential to meet their export targets in the coming years. It will generate employment for at least 15,000 people. They have also agreed to the suggestion that 75 per cent of the jobs be reserved for displaced textile workmen. Garments is also a non-polluting, labour intensive industry where the consumption of resources like water and electricity is a bare minimum.

Many other industry associations are bound to respond in this manner in the near future. It is only in this way that all of us — industry, government, the labour unions and the politicians — can help find a permanent solution to this problem which seemed insoluble so far.

The author is the powerful president of the Bombay Pradesh Congress Committee (I)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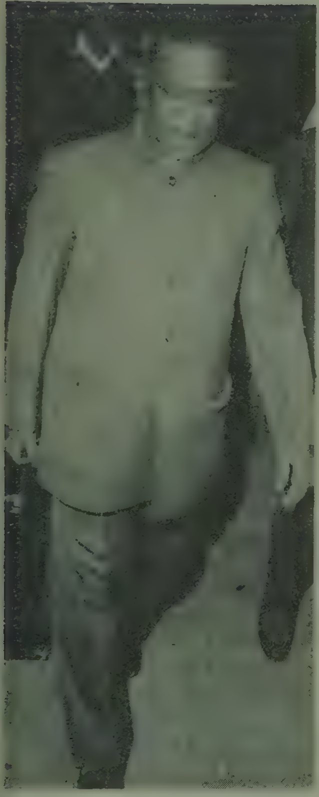
ELECTION BUDGET

Clever but uninspiring

The budget has been cleverly crafted. In spite of the coming elections, it has avoided the most blatant populist measures that were expected. It does contain some obvious political concessions. At the same time, there are no major policy initiatives to catch one's imagination



Charan arriving at Parliament to present the budget

At an argumentative budget meeting in early January, prime minister Rajiv Gandhi articulated a basic belief he holds in the business of budget making: "I do not believe that any budget activity is going to make a material difference in electoral outcome." Having said that, Rajiv Gandhi is understood to have backed his team in finance to cleverly craft a budget that is not entirely election-oriented, even though it does have an eye on the ballot box.

In a sense, therefore, the election year budget for 1989-90 is a mature piece of work. It talks tough, it talks turkey but most importantly it steers clear of petty political niceties. In just the same sense, though, it is a somewhat dull and uninspiring accountant's budget.

But the basic message of liberalisation persists, seasoned as it appropriately is, with a dash of electoral rhetoric and a dash of acceptable "pink" economics. It seeks to protect the poor, it seeks to foster rural employment, it attempts to spur housebuilding and saving, it chides kit-based consumerism, it puts the middle class on leash and it gently squeezes the rich. In casting its revenue net far and wide, it taxes the vices heavily: cigarettes, pan masala and liquor (via molasses). And yet, in its sweep, it avoids items of mass consumption and protects the broad underbelly of society from the impact of new imposts.

Chavan: intelligent but lacklustre effort

Status quo maintained

At a macroeconomic level, it seeks to contain the rise in imports over the medium term, it seeks to keep deficits in check, and most importantly it maintains the steady march of liberalisation. It seeks to maintain the fiscal status quo and imparts a certain stability following some dramatic initiatives, such as the tax reforms of 1985 and 1986. It is one of Gandhi's more intelligent, and therefore, lacklustre budgets.

It stops short of addressing the basic issue of bringing prices down by lowering excise duties on key items to stimulate demand and expand the production base, which would ensure high revenue collections. (See *Business India*, 20 February.) Shorn of high expectations, the budget of 1989 is a competent balancing act that speaks loudest in what it does not stoop to. In stopping short of petty populism, the pressures for which are enormous in an election year.

While the prime minister's insistence that the growth engine must roll on may have allowed the mandarins in the ministry to pursue basic economic initiatives that were already in place, finance ministry officials privately concede that counter-pressures from Congress Party lobbyists were high throughout.

There were moves to implement the two saree scheme and explicitly announce a nationwide mid-day meal scheme mooted at the AICC meet last year. It was partially rejected as being totally unaffordable and unadministrable. The two saree scheme too has been watered down substantially. One industrialist who had worried about the Rs.2,000 crores that would have been required to fund the full scheme said on budget night, "Thank God that the moment has passed".

In fact, by the time the budget was finally cast, it had become clear to Congress Party functionaries that the AICC resolutions were going to get the go by. And, if indications available are correct, the PM and his team, both in his office and across the road at the finance ministry, had won the day.

But there are distinct allocations for schemes dear to the heart of the AICC. For instance, according to G.K. Arora, finance secretary designate "the provision for the ICDS (integrated child development services) programme has been raised to Rs.190.58 crores this year, which is a Rs.20-crore addition to the funds available for this scheme."

The election echoes are quite unmistakable. "This is after all an election year budget," says finance secretary S. Venkitaramanan. To add to this frank admission is Arora's comment that "the move in the budgetary process is towards the idea of a nationwide employment guarantee scheme". Probably, firm ground is being laid on which the ruling party can later base an election promise to deliver a nationwide employment guarantee scheme.

Equally obvious is the fact that even the schemes announced this time will go a substantial way in assisting the ruling party's electoral chances. The Rs.500 crores for employment schemes under the Jawaharlal Nehru Rojgar Yojana, that is raised via the 8 per cent income tax surcharge, to be paid by individuals and companies, will go to 120 districts which have a chronic unemployment problem. Experts in the economics of poverty argue that the money for schemes of this kind tends to go to party workers at the grass root level; at the very best, it gives them leverage in the choice of beneficiaries — and therefore translates into potential votes.

While some districts (will they be VIP ones?) may swing the Congress way, whether the middle class (traditionally the backbone of Rajiv Gandhi's support system) will or not is another ballgame. Though chief economic advisor Nitin Desai believes that "the budget will certainly not fuel inflation", (see box), the fact is that the final score on inflation and a host of related measures will decide which way this class swings.

Ritual babble

"The impact on prices will be minimal", is the kind of ritual post-budget babble that every finance ministry official indulges in. But almost every businessman insists that this year's budget will accelerate inflation. Says an Assocham official, "The budget has to be read in conjunction with the railway budget and other administered price hikes that came before."

Prices will shoot up for industry; that is the consensus all round. The fine print of the budget apparently has the same sting that was there in the railway budget this year. Though Desai insists "that most items of mass consumption are unaffected", the very definite cost push factor cannot be ignored. True, only specific excise duties have been hiked by 5 per cent (except mass consumption items). But then specific duties account for 70 per cent of the government's excise revenue. Thus, this move is likely to prove quite inflationary.

"The hope and logic of the new imposts," says revenue secretary Nitish Sengupta, "is that very few people are affected by the higher taxes. It is only at the upper income end that the new taxes are borne." While this is true of the new income tax surcharge and the hikes in air fares, TV sets and music systems, the more widespread reach of other duties cannot be ignored. In addition, say industry sources, the falling value of the rupee has meant higher customs duties for most imports — which have not got any relief this time. Says D.L. Jain, chairman of Radio and Television Manufacturers Association and senior vice president of Peico's consumer electronics division, "We are very disappointed with the hike in the duties for the black and white TVs. It is not a luxury item and a very important medium for communication."

On the whole, therefore, higher price expectations and the beginning of a price spiral are likely to be a feature of the post-budget season. All this will hit the poor and the middle class who Rajiv Gandhi, in his current Robin Hood mood of taxing the rich, could hardly have wanted to affect. And that cannot be good electoral economics.

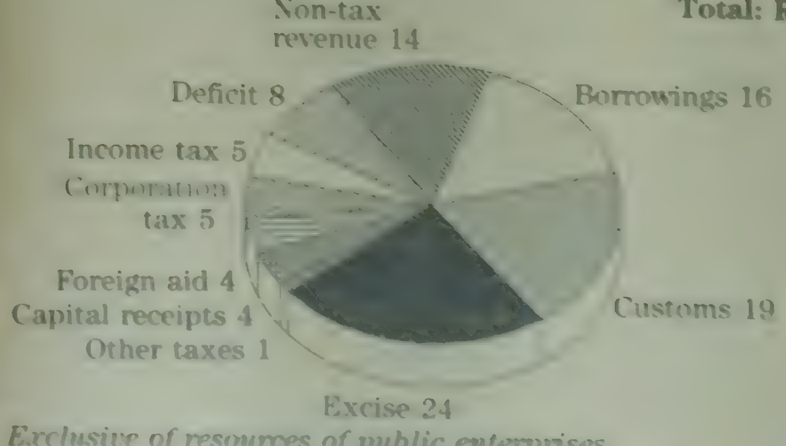
Pluses and minuses

The reduction in import duty on paraxylene from 120 to 90 per cent will reduce the cost of making DMT for Nusli Wadia's Bombay Dyeing — the only company to import 100 per cent of its paraxylene requirement — to some extent. The c&f price of paraxylene has also fallen in recent months. All this may be reflected in slightly lower DMT prices which should give some respite to the troubled polyester industry. (Even so, Bombay Dyeing will continue to face a severe cost disadvantage, vis-a-vis competitors like IPCL and Reliance who have in-house paraxylene manufacturing capability.)

The refinery status granted to Reliance and a few others is now redundant, and

Where the rupee will come from

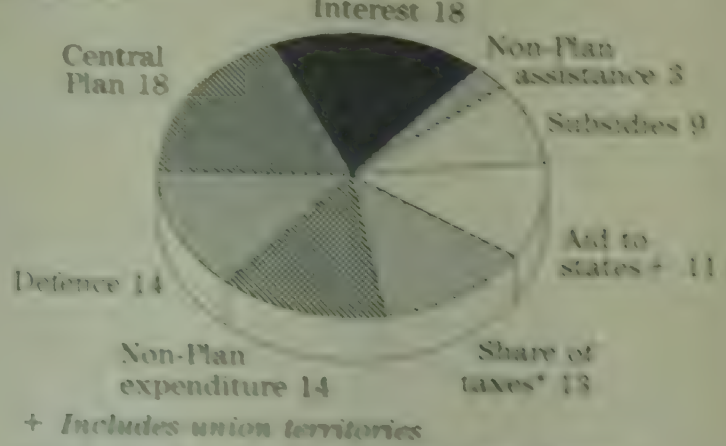
(In paise)



Total: Rs.82,161 crores

How the rupee will be spent

(In paise)



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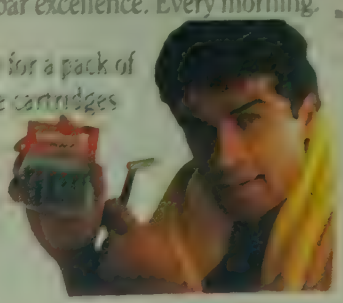

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New equations in the finance ministry

Budget making begins in October. This is when the homework is done, with accountants crunching numbers, and financial advisers of ministries arguing details, right through November. The main action takes place during the January meetings on basic strategy and policy. Then comes the finance ministry's annual magnum opus.

This year, the process went through a few extra spin cycles. This wasn't easy to detect in S.B. Chavan's deadpan tone, but the traces of purple in Chavan's prose tell a different tale.

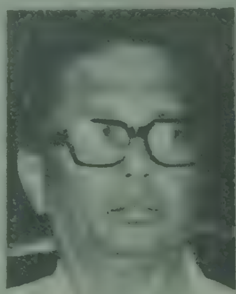
Upheavals of the kind that the finance ministry has gone through this year in January and February are not normal. (The last time was two years ago when the prime minister chose to present the budget.) The altered equations in the finance ministry are likely to have a more far-reaching significance than any ministerial shuffle in recent times.

The most obvious change this year was that it was made in the finance ministry and not largely in the prime minister's office, as was done during the last three years.

The finance ministry, pre-and post-budget, has a completely altered structure today. The widely-speculated extension to finance secretary S. Venkitaramanan was granted at the very last minute, valid only till 31 March. And then G.K. Arora will take over as finance secretary. This adds a completely new dimension both to budget making and implementation.

Fresh mix. Arora already has his team in place. Chief economic advisor Nitin Desai and expenditure secretary K.P. Geethakrishnan are new incumbents in their North Block positions. Besides them, Arora also has a relatively new — but adequately experienced in finance — revenue secretary in Nitish Sengupta. There is also a new additional secretary (budget), a key official for any expenditure function and more so at budget time, K.V.R. Nair. The Arora team will also include some officers, including joint secretaries, who have been in their finance ministry slots for some time now.

Venkitaramanan's exit and Arora's entry do not however, as some people have speculated, signal a polar switch




Venkitaramanan *Arora*

in economic philosophy. While Venkitaramanan was recognised as pro-industry, with a definite inclination towards the private sector, the portrayal of Arora as a raving leftist is incorrect, say those in the know. Arora's influence on the budget cannot therefore be interpreted as verging on pink economics. In fact, it is an in-house secret in the finance ministry that Arora was Venkitaramanan's own prime choice for successor. So, the finance secretary succession, is likely to be a smooth affair.

Arora's involvement in budget making did not begin with his arrival as officer on special duty in finance. His inputs have been used even while he remained secretary for information and broadcasting. In his earlier assignment at the PM's office, Arora had already been influencing the course of economic policy making by providing political inputs to colleague Montek Singh Ahluwalia, economic adviser to the prime minister. In that sense, Arora has already been a key influence in earlier budgets.

The PM's seal. But, even with Arora installed and with trusted officer S. Venkitaramanan functioning as finance secretary, the key political inputs to budget making actually came from the prime minister himself. Officials in the finance ministry insist that the PM's personal intervention alone ensured that the tone and trend of the new economics in North Block survived intact in a pre-election year.

While Arora is likely to begin his reign at the ministry with his own triumvirate of officials (no prizes for guessing who these will be), S.B. Chavan, who has his own stable of three state ministers, is in a less happy state. (There were persistent rumours in the pre-budget weeks of a cabinet reshuffle. As it turned out, Chavan did get to present his major budget and collect accolades all round.)

One critical aspect that the new line-up in finance will have to tackle, perhaps before the next financial year is over is how to solve the balance of payments crisis. One obvious route that is understood to have been explored is the possibility of a substantial IMF loan. Though such a loan can hardly be availed of in a pre-election year, analysts say that such a credit tranche cannot be avoided for too long. And thereby hangs a tale.

In the tone and tenor of this budget and in the logic of the new finance secretary's appointment are, they say, the signals of what the end of the year has in store. Finance ministry watchers suggest that Arora may be just the kind of tough negotiator needed to ward off any insistence by the IMF on any structural adjustment policy before a loan is sanctioned. This eventuality they say, links the politics of the present budget and the logic of the new crew in charge of the ship of finance.

All of which only goes to show that while the election may have been a twinkle in the eye of officials formulating the budget, this year may well see a new team that looks beyond mere politics, mere annual exercises and at slightly longer term economic priorities and imperatives.

alongside the concessional excise on naphtha at Rs.30 per kilolire (against more than Rs.2,000 for the non-concessional) has been doubled. This move has, by and large, been welcomed by the chemical industry. Companies like National Peroxide, NOCIL, Rama Petrochemicals, among others, will stand to gain. The cost of naphtha to Reliance will be much higher but the total impact is small, at about Rs. 50 lakhs.

Wadia and Ambani may make more news, but the industrialist who's got it really good is Rahul Bajaj. Threatened marginally by the Kinetic Honda scooter, Bajaj is now home and dry. And with 100 cc Japanese bikes becoming even costlier with the rise in duties, Bajaj Auto will comfortably rule the 100 to 150 cc scooter market. TVS Suzuki, manufacturers of both mopeds and 100 cc mobikes, will be hit on both counts. A senior TVS executive says, "It seems rather strange that the buyers of 50 and 100 cc

Election budget rhetoric

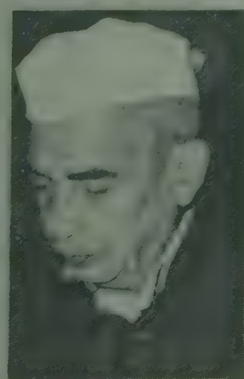
Morarji Desai

C. Subramaniam

In India, the ruling political leadership has to seek a fresh mandate from the people once every five years: and it is in such a year that the annual budget serves as an instrument to win easy popularity. The budget, meant to reflect the government's plans for development, in an election year, tends to slur over or completely skirt unpopular and embarassing measures for raising resources.

The budget rhetoric of finance minister's over the years has evolved on similar lines. Jawahar Lal Nehru himself presented the budget of 1958-59. On 28 February 1958 Nehru stated in all humility: "...I can only present before this House what might be called a pedestrain budget statement, which is in the main a continuance of things as they are, with relatively minor changes. We must try to produce more, export more and save more to find the resources for implementing the plan. In the budget for the coming year we have set ourselves high targets for both taxation and borrowing. I have no doubt in my mind that these targets are not beyond our capacity provided there is a sense of discipline and a sense of urgency in the country." His was not an election year budget, and was devoid of cliches about social justice.

In the budget of 1961-62, Morarji Desai appealed to the patriotic, sacrificial spirit of the people (still quite strong then): "The taxation proposals which I have just outlined will, no doubt, impose an additional burden on the people.... We have set ourselves the onerous task of raising the standard of living of our people through the democratic processes. There can be no respite from sweat and sacrifices. This will mean hard work and



Charan Singh

Pranab Mukherjee

sacrifices for some time to come. But there is the promise of a rich reward in the shape of higher standards of living, more employment opportunities and a better socio-economic system."

By 1976-77, Indira Gandhi had mastered the technique of using anti-poverty slogans. Her finance minister, C. Subramaniam, presenting the 1976-77 budget said: "It does not require much argument to prove that abolition of mass poverty in a country such as ours can be ensured only through a sustained attack on rural poverty. As Mahatama Gandhi reminded us so often, India lives in its villages. This means, the foremost priority must continue to be given to programmes of agricultural development and such supporting sectors as power, irrigation, fertiliser and pesticides...."

In his 1979-80 budget, Chaudhuri Charan Singh, leaning as he did towards the rural aristocracy or the land-owning peasantry, said "I have no sympathy with those industries which cater to the wants of the rich." He said, "We can have no room for production which caters to the rich and is thus a visible manifestation of the disparties which exist in society. It must be realised that private saving should be raised by a ruthless curbing of luxury expenditure and adoption of a more austere lifestyle in tune with our traditional values and hard facts of our economic life."

An unabashed election budget was that of Pranab Mukherjee, for 1984-85, wherein he admitted: "I have not been entirely unmindful of a certain forthcoming event which is of importance to all of us in this Parliament.... The government is fully committed to come down heavily on tax evaders. At the same time, we must ensure that, as far as possible, the tax system itself does not become a source of encouragement for evasion. Simplification and rationalisation of the tax system must, therefore, remain important objectives of our fiscal policy."

And of course, Rajiv Gandhi's statement to Doordarshan, after the presentation of the 1989-90 budget by his finance minister S.B.Chavan: "The basic aim of these proposals is to help the poor, to bring about social justice and they are balanced so that the richer sections are taxed to bring this about."

■ ANOOP SAXENA

two-wheeler mopeds are considered rich and not those who buy the 100 and 150 cc class of two-wheelers. We had hoped for reliefs instead we received a shock. This excise hike, however, will have to be passed on." For Rahul Bajaj, however, potential competition has been thwarted. Ideal Jawa's ressurection also might run into trouble since the 250 cc Yezdi might price itself out of the consumer's reach.

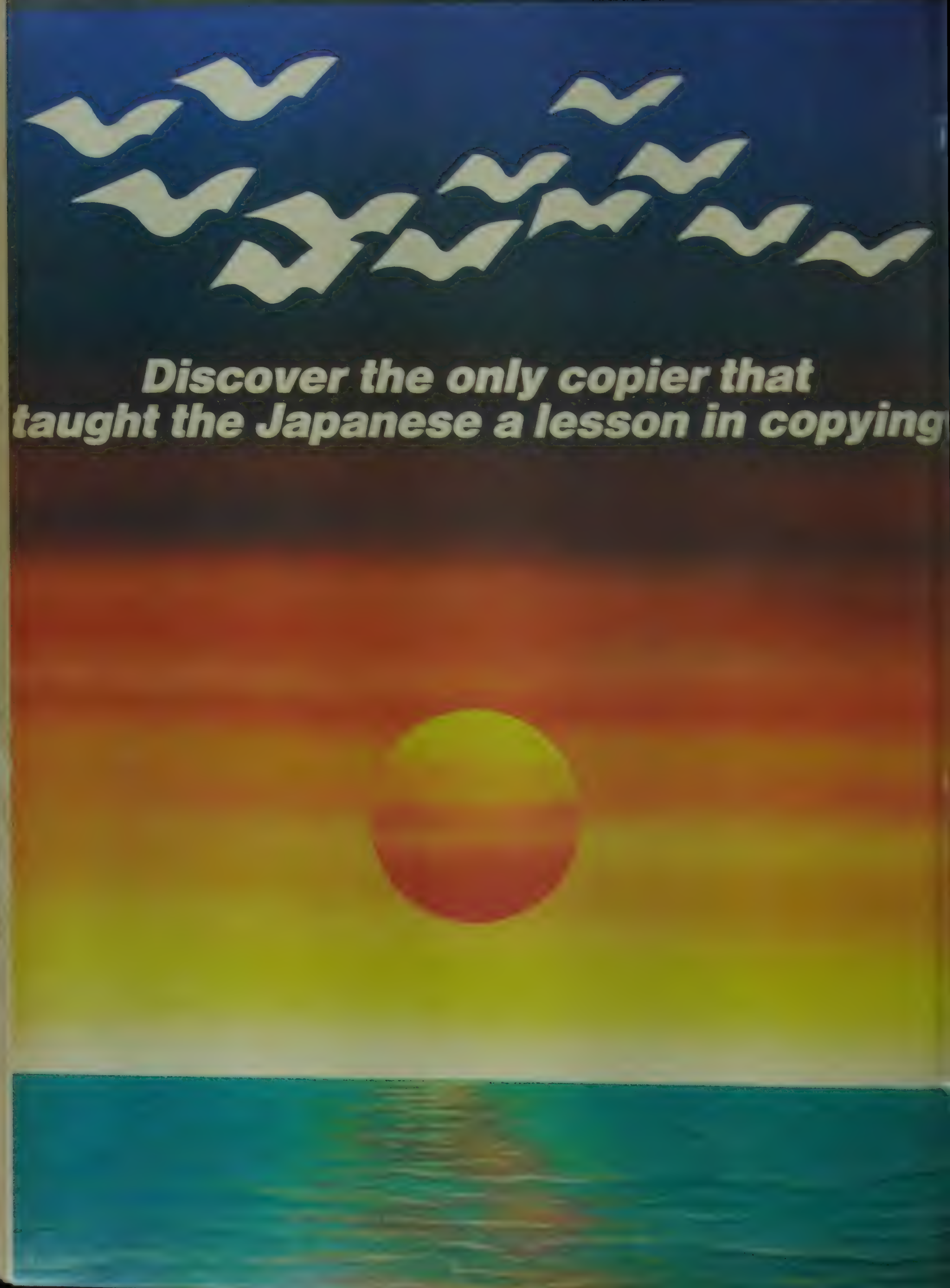
Welcome moves

Other corporate gainers are Indal and Hindustan Aluminium (again of about Rs.100 crores). The decontrol of cement is a welcome move because of the current glut in production. According to Narottam Sekhsaria, managing director of Gujarat Ambuja Cement, the decontrol is certainly a step in the right direction. But the benefit of decontrol to the new units will be lesser than to the older ones, because the latter's levy obligation was around 20 per cent and the newer units' 15 per cent.

Over the short run, while the industry adjusts its production to the new system, there may be a fall in the prices of cement, but over the medium term prices should find their own level and stabilise.

Ballarpur Industries of the Thapar group gains, as imports of paper products get more expensive. Premier Automobiles and Hindustan Motors also gain (the Fiat and the Ambassador might become cheaper than the Maruti). Others who gain: Spartek Ceramics, which gets a tax exemption on ceramic tableware etc, and skimmed milk producers such as FSL India and Amul and soup and food companies such as Gits and All Seasons.

The better-known losers will be: Video-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con, whose PIP TV will become prohibitively expensive, electronic producers BPL Sanyo and Bush Akai and Titan Watches, with higher excise.

Steel producers are not terribly perturbed by the sharp hike in specific duty on iron and steel products. This is because the Joint Plant Committee has allowed the increase in excise to be passed on to the consumer. Ishaat Hussain, principal executive officer of Tisco, does not feel that the increase in prices will affect demand if the monsoon this year is good and the momentum of economic growth is maintained.

Homi Ranina, advocate, Supreme Court of India, says, "The 5 per cent increase in excise, the steep hike in steel excise duty and the increase in railway freight should have an impact on the price of engineering goods and some consumer goods."

There are contrary reactions too. L.M. Thapar condemns the budget as anti-growth. But R.P. Goenka cheers it. "I never expected that the union government could be so imaginative in its proposals."

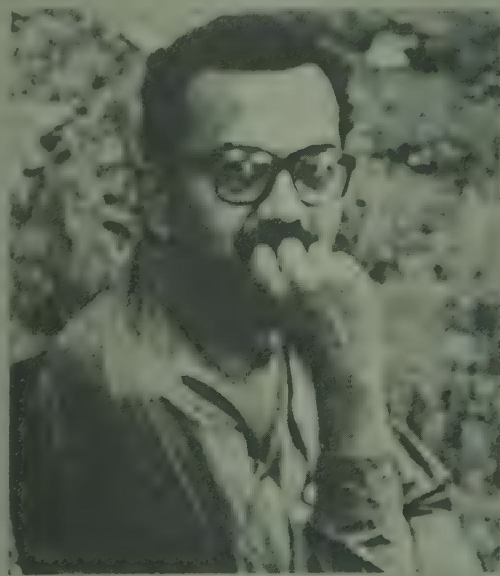
Institutional support

The budget did not have any significant impact on the stockmarkets, even though there was considerable volatility in certain scrips in its immediate aftermath. The post-budget BSE index on Tuesday, 28 February returned to its pre-weekend level after a small upswing of 1 per cent in the interim (for details see Stockmarket Review, page 150). But later, stock prices did move up mainly on institutional support.

Says Manohar Pherwani, chairman of the Unit Trust of India (UTI), "Share prices will continue to rise. There is a great shortage of floating stock and good equity scrips are not available." Adds Mahendra Kampani, vice-chairman, J.M. Financial: "The stockmarket will soon pick

"In other words..."

If there is any one person who can be singled out as a "translator" and defender of the budget, it is the chief economic advisor in the finance ministry. To make sense of the subtleties of the budget of 1989, Business India's *Dilip Cherian buttonholed* **Nitin Desai** *two hours after the budget had been presented to Parliament. Desai, always a powerful persuader, made the usual caveats about team work and joint responsibility, but answered questions about the logic of this year's budget.*



What is the basic philosophy towards organised industry and the consumer that this budget seeks to portray?

There are several strands that we have brought together in this budget, as in any other. But one basic message for the sections that you have named is that we are not interested in kit-culture based consumerism.

The finance minsiter seems to have been particularly proud of his success with the deficit. Is there reason for so much joy?

The big reason is of course that we have managed to reduce the overall deficit. But what is remarkable is that the revenue deficit has been reduced.

What we have been doing in effect for the last few years is using capital receipts to fund revenue expenditure. This has been checked this year.

Does this mean that the long term fiscal policy is being adhered to?

We are still away from the LTFP. We are still too far from it. But this time at least the direction is right.

What is even more remarkable is that we have achieved this in a year where plan expenditure is up by 20 per cent.

What about liberalisation. Has that been given the go by this time?

The major policy statement of total decontrol of cement and aluminium indicates that the pace of liberalisation is being maintained.

Moreover, we have continued the capital goods import package. Duties have been restructured here into three basic slabs. We will actually net less customs revenue but we will be allowing liberal imports for essential modernisation.

But doesn't the excise relief for loss making units, go against efficiency?

No. Because the excise relief package comes into play after a weak unit has got institutional clearance for modernisation and technology upgradation.

What is the logic of your hike in vehicle taxes?

What we are taxing is the high imported content of these vehicles. We believe that the customer will have to pay for these import-dependent products.

In two-wheelers, only the more fancy models are hit. The basic family scooter and the tiny moped are untouched.

But aren't you afraid of inflation with vehicles, steel and items like TVs being taxed heavily, as also the excise duty hike?

In the case of steel, a large part of the impost is absorbed on account of MODVAT. The excise hike is only on items with a specific duty and does not touch mass consumption items. An additional Rs.200-crore burden is very little. But, most importantly, prices will not move up too steeply because the deficit has been kept in check.

Whatever happened to the farm sector?

There are no negative items there, for a start. In addition, there is a substantive food processing package that will enormously help this sector which produces the basic raw materials.

What then would you say is the thrust that this budget provides to industry?

I would say it reinforces the message that industrialisation in depth will continue. It also indicates that indigenisation will receive increased support.

What would you consider the biggest success in this year's budgetary exercise?

The fact that we have shown that it is possible to raise over Rs.1,200 crores in fresh resources without touching any mass consumption item.

up because nothing adverse has been introduced."

One major move is to introduce an equity linked savings scheme, to be operated by the UTI and other mutual funds, to encourage a greater flow of saving into risk capital. While the details of the scheme are yet to be announced, Pherwani expects it to be along the lines of the Personal Equity Plan in the UK. Under this plan, small investors save, say, over a year, with a lock-in period of another year. These savings are invested in equity by the fund managers. After the lock-in period, they are free to withdraw their capital with appreciation. While the capital gain is exempt from tax, the principal amount is added to taxable income in the year of withdrawal.

The government has also taken a small step towards augmenting finance for housing. Deposits made in the new home loan scheme (details of which are yet to be announced) will qualify for a deduction from income, as will repayment of loans to the National Housing Bank. However, low limits have been put to such deductions under Section 80C of the Income Tax Act. According to Deepak Satwelekar, general manager of HDFC, "These are welcome changes in law, but the sad part is that the housing finance industry as a whole will not benefit, only NHB will."

Government officials today readily concede that housing is a major unfulfilled social need. They also accept that it is a decentralised activity with large employment potential. Despite this, the reliefs given in the budget are minimal.

Pragmatic protectionism

Most of the accolades centre around the reliefs granted to the capital goods industry to promote "self reliance and growth". For project imports, the duty has been reduced from 90 to 80 per cent *ad valorem*. On the other hand, for capital goods produced in India, import duties have been raised from 25 to 35 per cent to 40 per cent. An intermediate tier of 60 per cent has also been created for certain machinery and components which were hitherto enjoying concessional rates of nil to 35 per cent. This three tier structure — making imports of domestically available equipment costlier and unavailable equipment cheaper — is clearly an effort to boost both modern technology use as well as the sagging fortunes of the capital goods sector. This is pragmatic protectionism at its best, even though it entails an overall customs duty loss of Rs.100 crores or so.

While taxes and deficits are the basic body of any budget, this year it also subtly addresses the balance of payments (BOP) crisis that now hangs over the economy. Say S. Arora, "In several areas like television sets, for example, it is high import intensity that we are attacking." The same spirit has obviously inspired the changes in duties on capital goods and the transport sector.

Clear message

The message seems loud and clear — where frivolous imports for luxury items are a drain on the BOP, severe cutbacks are expected in the near future and as an explicit part of basic economic policy.

Curtailing foreign exchange outflow is allegedly not the prime objective of this budget. But there are distinct signs that the impending BOP crisis has weighed heavily on the budget makers. The suspicion that is gradually gathering strength therefore is that all these efforts are part of an in-house structural adjustment pol icy. The question that the budget raises: is the finance ministry preparing to apply for a fresh IMF loan?

If it is, this budget should certainly be highly acceptable to the IMF and their ilk. The cuts in defence expenditure, the control on the deficit, the attempts to curb luxury expenditure and the rationalisation on capital goods, are all features of every IMF-imposed adjustment programme. The point then is — is the finance ministry beating the World Bank at its own game?

Between keeping international finance bodies happy, the broad mass of Indian industry at peace and making enough available for vote gatherers to crow about, the budget of 1989 seems to have been a successful operation. If inflation can be kept at bay, a reasonable BOP maintained, and the polity kept alive with hope, the election year budget may well earn a reputation of realism at its restrained best.

■ DILIP CHERIAN

assisted by ANOOP SAXENA and SUTANU GURU

The short-lived LTFP

Almost every premise, presumption and promise of the long term fiscal policy (LTFP) formulated in 1986, the second year of the Rajiv Gandhi government, has not been met. The document had projected surplus revenue receipts of roughly Rs.1,000 crores in 1988-89. In reality, the balance from current revenue has turned out to be a deficit of Rs.11,300 crores. The LTFP had estimated food and fertiliser subsidies to aggregate Rs.3,500 crores approximately in 1988-89. The actual figure is almost double that.

Numerous other figures can testify to the burial of the LTFP. The primary reason is the recklessness with which the government has been spending and often wasting public money. Thus, compared with the projected revenue expenditure of 11.5 per cent of GDP in 1988-89, the actual worked out to 14 per cent. A 3 per cent difference is no mean sum — it works out to over Rs.10,000 crores. If the government had stuck to the LTFP projections, the budget deficit (as also the revenue deficit) would have been wiped out.

Receding resources. Looking at it from the resource mop up effort too, the LTFP has been wide of the mark. In 1985-86, the public sector contributed Rs.8,592 crores to gross domestic savings — almost 15 per cent of the total. In the next two years, it declined to Rs.8,018 crores and Rs.6,193 crores respectively. In percentage terms, public sector contribution to domestic savings declined from 15 per cent in 1985-86 to 9 per cent in the later years of the Seventh Plan. This is one of the important reasons why the savings rate has declined to 20.2 per cent. The LTFP had fondly hoped for a savings rate of 23 per cent plus in the later stages of the Seventh Plan.

Yet there are some recent indications that things may improve. For the first time in the last few years, the budget estimates for 1989-90 show a significant decline in the revenue deficit — down to Rs.7012 crores from Rs.9842 crores (budgeted) last year. And the net profits of central public sector enterprises for April-September 1988 have multiplied to Rs.694 crores against Rs.60 crores in the previous period. Moreover, the central plan outlay has exceeded the LTFP targets and is slated to rise by 20 per cent this year.

■ SUTANU GURU

METAL BOX INDIA

Blind man's buff

The race to save the company is on. The BIFR and ICICI have drawn up a revival package but none of the solutions recommended are easy. The management will have to take some harsh decisions and almost all concerned will have to make some sacrifices

To say that Metal Box India Ltd (MBI) is having a bad time would be a gross understatement. Eight of the company's nine units have been shut down for over a year now; understandably, patience is running thin all around. And the one man, or group of men, who seems to have the financial muscle to save the company does not want to be named just yet, thereby adding further confusion to an already chaotic situation. Despite a directive from the Board for Industrial and Financial Reconstruction (BIFR), which is making an attempt to put the company back on its feet, Grindlays Bank, the representative of the anonymous saviour(s), is refusing to divulge any names.

In the meanwhile, the company's 7,000-strong workforce is resisting a Rs.60-crore revival package drawn up by the BIFR for Metal Box. The package, based on a study of the company undertaken by the Industrial Credit and Investment Corporation of India (ICICI) at the behest of the BIFR, envisages substantial wage cuts and retrenchment, both of which are being viewed with alarm by the workers.

Another thorn in Metal Box's side now is Barlow House, its headquarters on Calcutta's busy Chowringhee Road. Ross Deas, of Ross Murarka Finance Ltd, maintains that Metal Box had sold him the property for a consideration of Rs. 3.5 crores in December 1987. Now, Deas says, the company has refused to move out of the top two floors of the five-storied building, which MBI is renting from Deas, nor has it revealed in its dealings with the BIFR the fact that Barlow House no longer belongs to it. On the basis of this, Deas demands that the BIFR should stop all aid to Metal Box till the Barlow House issue is settled.

Barlow House: ownership strongly disputed

Unenviable task

Presiding over this sorry state of affairs is Vinod Krishna, managing director since 2 May 1988. He is now faced with the unenviable task of getting all the parties concerned — workers, management, bankers, financial institutions, the saviour incognito, BIFR and, last but not the least, creditors — to agree on the modalities of getting the company back on track. As he says, "It was never the easiest of jobs to begin with." It is going to be a race against time for Krishna, what with costs and losses piling up by the day. Also, the company's market share stands severely eroded, and gets smaller as each unproductive day goes by.

Almost all are, however, agreed that Metal Box's woes stem from its ill-conceived and ill-timed diversification into bearings in the early eighties. A plant was set up in Kharagpur at a huge cost. Despite repeated infusions of large sums of money, the venture never really took off. This put an unbearable pressure on working capital resources. The canker spread from there to infect the entire company and its two units in Calcutta, and one each in Faridabad, Madras, Mangalore, Cochin, Mahul, Worli and Deonar, the last three being in and near Bombay. Then came the closure of the units: Faridabad in November 1987, Calcutta and Madras in December that year, Worli, Mahul and Deonar early last year. Only the Mangalore unit has been running uninterrupted through the upheaval.

All in all, the company has accumulated losses of Rs.47 crores, as on 31 December 1988. This is more than twice Metal Box's entire share capital of Rs.15.48 crores and reserves of Rs.6.83 crores. And the company's outstandings with a group of seven banks, headed by Grindlays, totalled Rs.44.48 crores, against a sanctioned limit of Rs.30 crores. Metal Box's accounts are currently overdrawn to the extent of Rs.29.62 crores.

Plans for revival

As early as January last year it had become clear that MBI could only survive if some drastic steps, like the closure of some units and large scale retrenchment of workers, were undertaken at the earliest. In fact, B.M. Khaitan, who was then chairman, by virtue of a 7 per cent stake held by his company, Macneill and Magor, had drawn up a revival plan which included these suggestions. But in December 1987, Khaitan and his son, Deepak, who was also a board member, encountered overwhelming resistance from workers and couldn't implement their plans. Subsequently, the duo hung up their gloves in MBI and left the company. Besides them, Metal Box has also lost a large number of its senior and factory level management staff over the last year or so.

Strangely enough, the ICICI-BIFR revival package is almost the same as that suggested by B.M. Khaitan; if anything, it is a harsher version of the same agenda. As, R.S. Jhawar, former managing director of Metal Box, points out, "The problem areas identified are similar and also some of the measures suggested, like reduction in workforce." The new package essentially covers the following:

- closure of units, in Calcutta, Bombay and Cochin;
- compensated retrenchment of 3,000 workers, drawn from all nine units countrywide;
- a flat 20 per cent cut in wages for the remaining workers;
- write-offs or conversion of outstandings with financial institutions and banks;
- concession and reliefs of up to 50 per cent in sales, octroi and turnover taxes, among others, from state governments; and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THE TRACKS OF THE FUTURE.

• induction of a new promoter, in the place of Metal Box plc of UK which wants to divest its 33.02 per cent holding in the Indian company.

As even a cursory examination will show, none of the above are easy options. To the contrary, Metal Box will, and already has, run afoul of one group or the other in most cases. For instance, the move to shut down the Bombay units was shot down by Sharad Pawar and the Maharashtra government on 25 January this year. Also, a proposal to merge the Worli and Deonar works (after the sale of the Worli property), was roundly criticised by the Bombay workers' union.

Even more virulently opposed by the trade unions in the various units is the question of retrenchment. The BIFR package makes it clear that if Metal Box is to be revived, atleast 3,000 workers will have to be laid off. Says an ICICI representative, "Harsh measures are necessary if the company is to have any future at all. Pumping in money is useless, unless accompanied by optimisation of resources, and that includes trimming of flab, and everything else that is unproductive." The workers feel that they are now being asked to pay the price for past management mistakes. Asks Aloke Mukherjea, a Metal Box union leader, "Since the previous managements were responsible for the company's debacle, why should the workers suffer?"

Trade unions aside, governments of the various states with MBI units are also understandably wary of retrenchments. As per the ICICI study, golden handshakes for 3,000 workers will cost the company Rs.16 crores. In principle, the workers are not opposed to a voluntary retirement scheme.

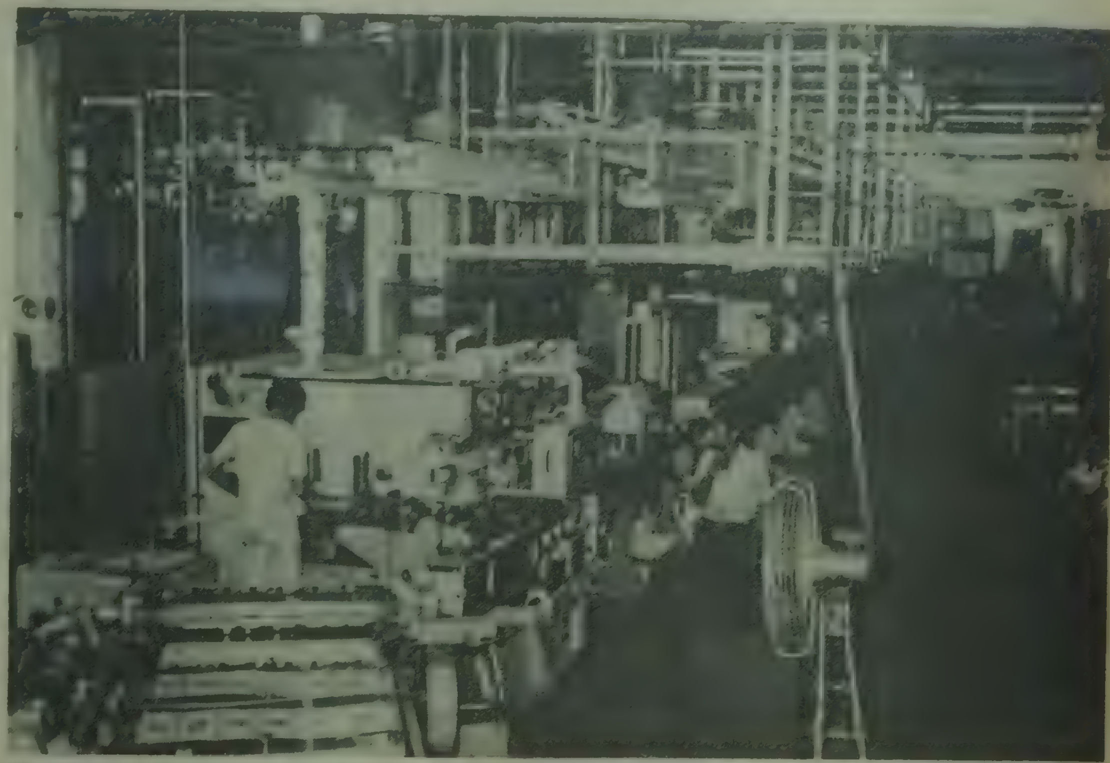
Prior to the closure, Metal Box's overheads were rated as one of the highest in Indian industry. It's wage bill amounted to nearly 25 per cent of operational costs. To reduce this, the BIFR proposes a flat 20 per cent cut in salaries and wages and a freeze for a specific period of time.. Needless to say, this too is being opposed strenously by workers. Following its 7 February hearing on the case, BIFR has asked ICICI to rework this aspect of the package, among others. It is likely that the cut may be changed to a 20 per cent deferment.

Support imperative

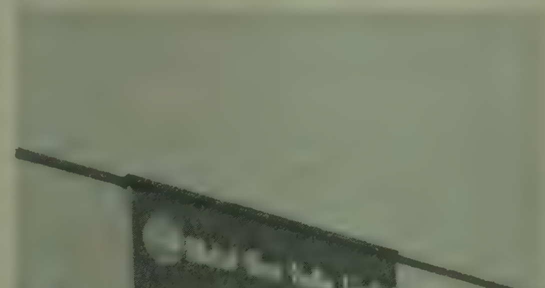
While the Maharashtra government has agreed to concessions and reliefs of up to 50 per cent in various taxes, Metal Box has yet to get a commitment from Jyoti Basu's West Bengal government on the matter. Says managing director Krishna, "Admittedly, the concessions and reliefs to be given by the state governments is on the high side. But, unless there is support in terms of reliefs and concessions, the company is simply not viable."

The sacrifices asked of the financial institutions and banks are also very harsh. In all, the ICICI-BIFR plan requires that they write off outstandings of Rs.21.29 crores on simple basis and Rs.34.65 crores on compound basis, besides conversion of Rs.13.36 crores into equity and zero rated debentures. Both institutions and banks have pointed out that such measures go beyond the guidelines of the Reserve Bank of India and would require its permission before implementation. Also, they insist that the management find a new promoter to inject fresh funds, before they make any commitments on write-offs or further financial assistance.

Thus, it is of utmost importance that a



Workers will have to accept retrenchment



A machinery unit in Calcutta: to be sold off rendering 600 unemployed

Metal Box: a financial profile *(Rs. crores)*

Year ended	Sept 1983	March 1985*	March 1986	March 1987	March 1988
Sales *(less excise)*	113.13	177.35	132.28	116.34	85.55
Operating profit (loss)	3.67	8.77	11.24	2.63	(11.89)
Return on capital employed	0.24	11.51	18.75	3.11	—
Net cash accruals/(loss)	(6.27)	(2.55)	(3.49)	(5.59)	(20.16)
Current ratio	0.96	0.90	[illegible]	0.97	0.65

** 18 months*

Metals packaging unit in Calcutta: closed for over a year

Krishna: on the hot seat

new promoter (read saviour) is found, and fast. Much depends on this being done at the earliest. Pressure is building up on Grindlays Bank to reveal the identity of the person. Though it has refused to do so yet, it would be a fair guess to say that this person is an NRI.

The new promoter understandably is anxious to keep his identity under wraps, in view of the tremendous financial pressure that is likely to fall on him. Though the ICICI estimates that he will have to pump in Rs.10 crores it is obvious that much more will be required to keep the company going.

Reasonable course of action

Senior officials, however, are of the view that instead of sitting around and waiting for a promoter it would be more productive for the concerned financial institutions to pick up the overseas equity and support the company till it stands on its feet. Later, they say, the institutions could offload the shares at market prices. This way, both jobs and the company's market share could be protected. This would appear to be a very reasonable course of action since Metal Box UK has expressed its willingness to let go off its entire holding at a nominal price of Rs.1 lakh.

The unions are hoping that a "professional group" will take the company over, and not "some asset stripping magnate from overseas". They were none too fond of the Khaitans, and harbour similar feelings towards Vinod Krishna, whose reputation has always been somewhat larger than life. Krishna is undoubtedly sitting on a hot seat. According to company officials, "Anyone who occupies that chair will certainly not be popular, given the tough decisions that have to be taken." In any case, with the advent of the new promoter, radical changes are expected. New people will have to be taken in as the company badly needs the infusion of fresh blood and key positions will have to be filled.

Regaining market shares

As far as strategy for the future goes, the company will have to follow the narrow limits ICICI has set, and concentrate only on regaining its market share in its established product range. Metal Box's market share, which during the early eighties stood at 55 per cent, came down to 35 per cent just before it closed down. Currently, it is even less than 20 per cent.

ICICI's financial plan for rehabilitation: Rs.60 crore package

	(Rs. crores)
Capital expenditure	11.00
Pre-operative Interest	1.87
Voluntary Separation Scheme	15.96
Cash loss	12.84
Net Increase In Current Assets	19.01
	60.68
MEANS OF FINANCING:	
Equity from promoter	9.74
Sale of assets	12.00
Cash accruals	6.53
Term loans	11.45
Funding of interest	6.60
Addl. borrowings	14.36
	60.68

[illegible]

"To regain the market share will not be easy," says K.R. Narasimhan, vice-president of the company, "in view of the competition from the Bombay-based Poysha and Zenith Tin Works, the Hyderabad-based Bharat Metal Box, to name a few. These companies have made considerable inroads into our market share." In fact, during the recent BIFR hearing, Metal Box's competitors strongly opposed the idea of giving any special reliefs and concessions to the company, since it would give it an "unfair" edge over the rest.

In keeping with the advice from ICICI, Metal Box, according to its senior officials, has decided to play it safe by sticking to its bread and butter lines. "Later, broadbanding of licensing to include several new products and also the possibility of entering the plastics market could be considered," says Narasimhan. If all goes according to plan, the senior management expects to regain the level of normal operations and even make a small cash profit by 1993-94. By then, capacity utilisation is expected to be at 43 per cent, turnover Rs.141 crores and the percentage of operating profit to the total income 6.7.

Meanwhile, the ominous delay goes on. Warns Narsimhan, "A very real fear is considering that it may take months before anything concrete happens, by the time the package finally comes through there may be no market left for us to service."

■ MADHUMITA BOSE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HARRISONS MALAYALAM

Waking up

This hitherto low-profile company has gradually moved into the limelight with its takeover by an Australian magnate and the rapidly expanding RPG Enterprises. And that is only one of the many changes

It's one of the country's most profitable plantation companies with 23 rubber and tea estates in Kerala and two tea estates in Tamil Nadu. It has been raking in the big bucks since the early twenties. What's more, its 30,000-odd shareholders often partake of these goodies via some very attractive dividend. Yet, Harrisons Malayalam Ltd (HML) has largely remained a sleepy, low-profile company.

But this is likely to change soon. HML's new bosses — Anthony Jack Guinness, Sydney-based scion of the famed Irish family of brewers and bankers, and his Indian partner, the R.P. Goenka (RPG) Group, plan to prod this plantation company into activity.

One of the first firm steps in HML's fresh run was taken on 16 February, when, S. Samuel (53), till then vice-president (manufacturing) of Ceat Tyres, was appointed managing director of HML. Samuel has an extraordinary track record — as a topflight manager and an expert on rubber technology with 30-odd years in Ceat — and his appointment underscores the RPG group's growing commitment to HML. It is said that Sanjiv Goenka, now executive vice-chairman of HML and technically Samuel's boss, gives him respect rarely enjoyed by ordinary executives.

Professional to the core

Barely 24 hours after this crucial appointment, *Business India* met both Guinness and Samuel in Cochin. Samuel was temporarily ensconced in Sanjiv Goenka's office in HML's headquarters at Wellingdon Island, while the staff scurried around getting the new boss' posh sanctum spruced up. "I'm happy to come back to my own state," said Samuel. "Moreover, to go from vice-president to managing director is professional growth."

And professionalism is Samuel's forte. Guinness himself remarks: "Samuel's track record at Ceat, in raising it to a Rs.400-crore company, speaks for itself. The directors and the staff of HML are very happy to have him here."

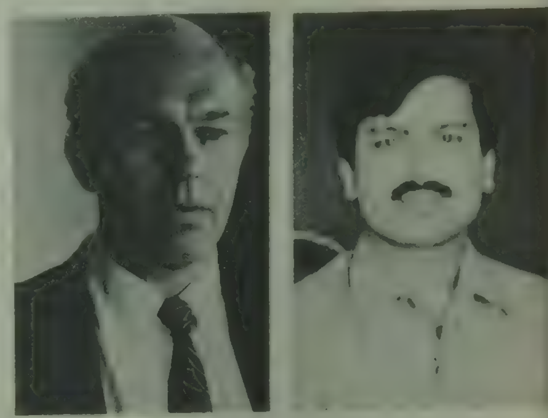
What does such a general spread of 'happiness' imply for the company? "Team building is absolutely necessary here. In Ceat, it was teamwork that made us the market leader," says Samuel. There already exists a team in HML, and a fairly good one at that. Guinness agrees: "HML is certainly a well managed company, as profitable as one would expect most plantation companies to be. I'm impressed with the quality of HML's people." In fact, asked if he could find any shortcomings in the company, Guinness takes just a second to say, "None." However, earlier at the time of the takeover, Guinness had said that there was scope to raise productivity and yields by making some investments on the plantations.

With these changes, however, HML's key man of the past finds himself brought down a notch. In the new pecking order, P.K. Menon, the former chief executive, has been redesignated executive director (plantations) and now reports to Samuel. Guinness is very diplomatic about the change: "Both have complementary skills and together will make a very successful team."

The management restructuring may be no upheaval but, clearly, it is meant to spell out who's boss in HML — Guinness and the RPG group, in that order. Guinness is chairman and has his associate T.K. Faris as a director on the board (*Business India*, 19 September 1988). Representing RPG are Sanjiv Goenka as executive vice-chairman and P.K. Khaitan as a director. But Guinness' deal with RPG still remains shrouded in mystery. While some observers are certain that there is an equity deal involved, others suggest a contractual relationship.

Same philosophy

Guinness' choice of an Indian partner fell on RPG because "it is a very professionally managed group and has the same business philosophy as I do. Further, their commitment to South India is now clear, with the recent buying of Spencer's." This "philosophy" probably implies growth through diversification and acquisition, which has been the trend of RPG's recent activities. Bigness is also the leitmotif of Guinness' business. His GMB Financial Services is the largest business of its kind in Australia. Also, he owns a farm of about 8,200 acres with nearly 14,000 sheep on it — pretty big.



Guinness and Goenka: synergy

Observers therefore expect that HML and, the partnership with RPG, is just a toehold for Guinness towards becoming a major player in the Indian corporate scene. He comments on the possibilities vaguely, "Each investment opportunity will be assessed separately." But he displays a quietly plucky attitude and does not baulk at hurdles like government regulations.

Over the years, HML has become involved in a rather wide range of activities — trading, shipping, transport, travel agency, engineering, and real estate — and yet, in popular conception, it remains a plantation company. The thrust now will be on value addition and diversification. Says Guinness, "HML will have to develop a series of highly successful competitive products, eg, in centrifuge and crumb rubber and in tea, packet and pouch packs." Samuel elaborates: "This is a cash-rich company which need not be confined to plantations".

No one is willing to go into details as yet. Until the new management team gets cracking, plans will remain under cover. But one thing is certain: about Rs.25 crores will be raised through a variety of means, including the capital market (an area HML is unfamiliar with) and tapping sources like NABARD (HML being in agriculture). As Guinness says, "It's time to raise money and expand the operational base of the company. The future is very exciting. We've got to get on with it." ■

K G KUMAR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PARADISE ISLAND

The gourmet's retreat in Bangalore

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THE TAJ GROUP OF HOTELS

DOUBLE COLA

A multiple mess

Its products have caught on, but the company is in trouble with its ad agencies, distributors, the union, and creditors. The management blames competitors. The plot thickens, with a white knight playing dark horse

Less than two years ago, Double Cola of the US beat cola giant PepsiCo to the lucrative Indian market by entering via the NRI route. Unlike any other multinational company, the Indian company is fully owned by NRIs. The concentrate is made here, there is no foreign exchange outflow and no export obligations. For a while, things looked rosy.

Today, however, production has slumped and the capital of Double Cola Manufacturing Company (India) Pvt Ltd (DCMC), Nasik, as well as those of two of its principal bottling franchisees — National Beverages Pvt Ltd (NBPL) of Bombay, and Bhagwati Beverages Pvt Ltd (BBPL) of Angammaly, Kerala — stand severely eroded. The ad agencies, distributors and other creditors have filed winding up petitions against the company. As a result, the company today is involved in at least 25 law suits in various courts in Bombay city.

Who's to blame?

The management blames the competition for its troubles. But senior officers of the financial institutions, which funded the project, and the ad agencies involved, question the explanation. The employees and distributors squarely blame the management for the company's current troubles. They feel the only alternative now is to hand over the reins to someone else before the crucial summer season begins. And indications are that Ashok Vithalani of Pioma Industries of Ahmedabad, maker of the highly successful Rasna soft drink concentrate, is likely to come to Double Cola's rescue.

The Double Cola company of US was established in 1927 by an American, Charles D. Little. The company has since then had a string of local and foreign owners. The current owner is Noorally K.J. Dhanani, a London-based NRI, who acquired a majority stake in 1982. Says V.C. Kumaran, who did most of the ground work in bringing the company to India and was a director of several of Dhanani's group companies till they fell out in May last year, "DCMC has got such attractive terms from its parent company because NRIs have paid it an undisclosed sum as compensation."

Gopalkrishnan: stout denial *Kumaran: dismissing the developments*

DCMC was incorporated as an NRI company in 1983 by Dhanani. He is its chairman, and holds 80 per cent of the share capital, along with his brothers. Kumaran holds half of the Rs. 95-lakh share capital in NBPL, while a majority of the remainder is held by Dhanani. V. C. Gopalkrishnan, Kumaran's brother, who worked with the Life Insurance Corporation till 1982, became the founding president of NBPL. The second franchisee, BBPL, is fully owned by Kumaran.

Double Cola was launched in Bombay on 14 May, 1987. The product was positioned as an American cola; the ads featured American pop singers. By end-May it sold over 25,000 crates. A contract was signed with Mudra Communications, Ahmedabad, a year earlier. Says Raviratan Arora, general manager for finance at Mudra, "We checked out the promoters' financial track record and found it to be sound."

The troubles begin

But barely a month later, in mid-June, Double Cola took its first knock. The distribution and sales staff, organised by the Shiv Sena affiliated Bharatiya Kamgar Sena (BKS), not recognised by the management, struck work to press their demand for regular employment with NBPL. Gopalkrishnan blames competitors for masterminding the strike. "No one could challenge our quality and price. We had cornered half of the market in Bombay," he says, "but on the thirty-first day, we were paralysed by the mafia."

According to Gopalkrishnan, it was the drivers and loaders, working on contract with the distributors, who demanded appointment letters from the bottler, NBPL. "This is not done anywhere in the soft drinks industry. We went to court and obtained an injunction. But this took a month. When we came back into the market, the monsoons had arrived."

But Ram Shekri, a sales executive at NBPL, tells a different story: "The BKS members were not drivers and loaders, but the company's sales staff who had been given appointment letters on NBPL letterheads. But, a fortnight later, Gopalkrishnan said that they would be put on the distributors' payrolls. When the strike began, he sacked the sales staff and the union obtained a stay against new recruitment in NBPL."

The management, however, got round the stay order by appointing a new company, Mass Marketing, to handle the distribution in Bombay and to liaise with the ad agencies. The 100-odd sales staff who were sacked by NBPL were recruited by the new company.

New company

Mass Marketing selected 14 distributors, most of whom were also with NBPL earlier, for 22 routes in the city and collected interest-free security deposits of Rs.3 lakhs for each route. This, according to market sources, was unprecedented; distributors do not normally place deposits with newcomers. "We wanted to be sure that our distributors were financially sound since they would be holding our truck and 2,000 to 2,500 crates, each crate worth Rs. 85. The crate deposits were to be adjusted against this amount," explains Gopalkrishnan. Many distributors however, claim they were surprised when the company obtained a Rs. 60-lakh IDBI loan for 23 DCM Toyota trucks after collecting the cost of the vehicles, in deposits, from them. However, Mass Marketing proved effective and sales in Bombay climbed up to 18,000 to 20,000 crates a month in the monsoon of 1987.

Products get popular

Though colas dominate the soft drinks market, with a share of over 40 per cent, a

company in this business cannot afford to ignore the large and profitable lemon and orange drink markets. So, in October 1987, Double Cola launched Orenjoy, Lemone, and He Man Soda under the "Ski" umbrella brand. The advertising for Ski was handled by The Edge Communications, Bombay.

Says Mukesh Gupta, vice-president of Edge, "The products were excellent and took off in South India, which is a major market primarily for orange and to a slightly lesser extent for lemon. Recalls Mohan Bhatia, chairman of Mass Marketing, "The launch was well-timed and the company's total sales shot up to around 33,000 crates a month." But even before Double Cola and Ski had a chance to seriously ruffle the competition, trouble erupted again.

Around January last year, NBPL cut off relations with Mass Marketing. "We found they were responsible for our product doing badly in the western region, which is a major market," says Gopalkrishnan. Gopalkrishnan and Kumaran set up two other companies, Model Marketing and Vivek and Ajay Enterprises, to handle the job. Remarks Bhatia caustically, "The product regained its position in the market mainly due to our efforts. But they thought they were on an even keel and could do without us in summer, the season for harvesting the profits."

On termination of his services, Bhatia asked NBPL to settle his dues which, he claims, had amounted to over Rs. 14 lakhs. This included the deposits paid for obtaining the distributorship and the service charges and commissions for the jobs handled by him. Soon a few other distributors also followed suit, after breaking relations with NBPL.

However, NBPL disputed Bhatia's and

Bhatia: soured relations

Shaikh: helped sideline the union

the other distributors' claims. The latter retaliated by refusing to return the company's trucks and crates till their dues were settled. NBPL then filed complaints of criminal misappropriation against them.

Staff squabbles

The sales staff from Mass Marketing, most of whom were first recruited by NBPL, were called back after reaching an agreement with the BKS. Says Shekri, "Gopalkrishnan agreed to look into their demands and regularise working conditions. But for the next three months he did not even give them appointment letters. Still work went on smoothly till April 1988 when the staff went on strike for the second time."

Around this time, Pervez Shaikh, proprietor of Best Marketing, who wields some influence in the northern suburbs of Bombay, got the distributorship on two of Bhatia's routes. "Gopalkrishnan suggested that we form an internal association," says Shaikh. "That is how the Distributors' and Workers' Association was formed with around 110 members including 4 distributors, 10 wholesale dealers and staff." Shaikh thus managed to sideline the BKS and the strike ended after 15 days. But this proved to be a temporary truce.

Besides the sales staff, discontent had been brewing among the administrative staff too over the delay in getting appointment letters. Says Shekri, "They finally submitted a charter of demands on 21 October, 1988 — by which time they had already worked for 18 months. Gopalkrishnan promised to look into the matter. But on 24 October there was an incident and the chief security officer beat up three workers in the godown. The management closed shop from the very next day though no formal lock-out notice has yet been issued."

What is regretable in all this is that market surveys conducted during this time showed that the products enjoyed a very high recall and trial rate and sold wherever available. But with the company facing internal problems and the distribution in a mess, the product was not easily available. The company, it appears, had also been lax in paying its bills, and its debts had snowballed. By October, it owed Mudra Communications Rs. 70 lakhs and Edge Communications over Rs. 50 lakhs. Both these agencies stopped releasing the product ads and, on application from the latter, the Indian Newspaper Society (INS) and the Advertising Agencies Association of India (AAAI) blacklisted the company last November advising its members not to advertise its products. And last month Edge Communications even filed winding-up petitions against DCMC and its franchisees.

Huge outstandings

Mudra, in the meanwhile, has served legal notices but has not yet gone to court. "We are trying other means to recover our dues," says Arora. "We have introduced them to some institutions which could lend money. But we have kept our options open and will file a petition if we have to."

Says Gupta of Edge: "The amount they owe us is only the principal while the interest on this is mounting at the rate of about Rs. 1 lakh a month." The agency has a letter from the company which specifically states the outstanding amount. But, in the affidavit in reply to the winding up petition, the company's management stated that the accountant who signed it was not authorised to do so as he was an employee of another group company.

The ad campaign emphasising the American flavour

Gopalkrishnan first denied that Edge Communications had filed a winding-up petition. He later explained: "It was agreed that the ad expenditure was to be shared by DCMC and the franchisees. We have not refused to pay. We are verifying the bills since some of the expenditure was not approved by us. Our auditors have refused to accept their bills." Gupta, however, claims to have Gopalkrishnan's signature attested to the campaign plan and says that his agency billed DCMC directly. "We did bill the franchisees separately for a while on the company's request. But since this was too tedious, we discontinued the system in February last year," he says.

Gopalkrishnan, also denied that there was any problem with either Mudra or INS. "They have not stopped releasing our ads. We have done so because this is not the season for advertising," he maintains. "We are having a dialogue with the franchisees and ad agencies and hope to release the campaign well in time for the forthcoming summer."

Network in a tangle

Besides relations with the ad agencies, the other key input in soft drinks marketing, the distributor network, is also in a mess. Only two of the 14 distributors appointed on five-year contracts through Mass Marketing are still with the company. Among those whose distributorships were terminated, only two got back their security deposits while a large number of the remaining are involved in legal battles with the company. Many of them are holding on to the trucks in lieu of payments.

Kumaran brushes away these developments casually. "These petty squabbles involving some of our franchisees have hogged the limelight while the company's achievements have remained in the dark," he says. Further, he claims that the product is doing well in the rest of the country, having captured 45 and 55 per cent of the Bangalore and Kerala markets, respectively. Moreover, he points out that the company has promoted seven bottling franchisees funded by nearly 200 NRIs investing about Rs. 45 crores in the last 18 months. And the company has signed another 13 franchise agreements with NRIs.

He adds that the company now plans to diversify into fruit and vegetable-based beverages and is looking at various possibilities of raising funds. Going public is one of them. One of the new bottling franchisees, Double Cola Beverages Ltd, which has yet to start production, has applied to the Controller of Capital Issues (CCI) for a public issue.

Distributors are hanging on to the trucks

S.V.R. Muthangi, marketing manager of DCMC, who has also been accused of criminal misappropriation of a company vehicle by the management, is apprehensive of DCMC's plans. "DCMC has collected franchise deposits of Rs.3 to 5 lakhs from each of the bottling franchisees, except NBPL and BBPL which are owned by the DCMC management. Besides, DCMC and a few franchisees have not yet repaid the distributors, the financial institutions and several other parties. And now they want to collect money from the public," he says. "These plans are all very fine. But how are they going to sell their products without advertising or a proper distribution network?" he asks. Also, the company's balance sheet for the year ended 30 June 1988 is not yet ready.

According to the employees, the company has not been able to repay loans — neither principal, nor interest — to the financial institutions for the last 18 months. They estimate its liabilities to be around Rs.3.5 crores.

The white knight

Reportedly, Vithalani of Pioma is tipped to be Double Cola's saviour. He was close to Dhanani before he came to India in 1982 and helped Double Cola get government approvals. It is said that, on a request from Dhanani, he is holding frequent meetings with Kumaran and Gopalkrishnan.

Vithalani neither confirms nor denies this, saying he is unable to comment as "it would be against the policy and business interests of the company and all concerned to divulge any information at this juncture".

It is also reported that, on Vithalani's insistence, the NBPL management is resolving its disputes with the distributors. It has begun by withdrawing its case against Bhatia and signing a memorandum of understanding (MOU) with him wherein it has agreed that it owes him around Rs.8 lakhs while Bhatia has agreed to waive the remaining Rs.6 lakhs as a gesture of goodwill. Similar MOUs have also been signed with a couple of other distributors. The management is also said to be waving the white flag at Edge Communications.

Sources in the financial institutions are confident that the project will succeed if a professional management takes over. They estimate that the company would need around Rs.1 crore to meet part of the losses and get going. The amount could be raised by a consortium of financial institutions while the current liabilities, including interest, could be carried forward or partly written off.

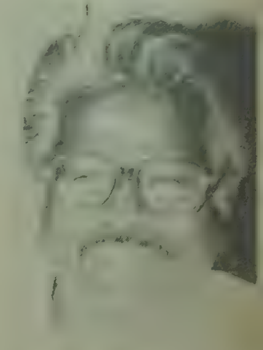
The ad agencies are also sure that the product would do well in the market if the company is managed well. But if Double Cola is to regain its fizz, the management change must come before summer.

■ ALOYSIUS FERNANDEZ

COFFEE

Looking hard for markets

With demand lagging far behind production, the industry has to go all out to convince more people to wake up to coffee



Krishnan: unduly optimistic? *Pushparaj: chicory's gain is coffee's loss*

India is awash with coffee. It is estimated that India's production of raw coffee during 1988-89 will be not less than 200,000 tonnes. Going by this figure, the country will have a surplus stock of 73,000 tonnes of raw coffee (with a 35,000-tonne carryover stock of the previous year). On an average, India's domestic consumption is around 60,000 tonnes and exports to quota countries amounted to 52,000 tonnes in 1988. Deals have been clinched to sell 10,000 tonnes of coffee (in addition to the already contracted 40,000 tonnes) to the USSR. Attempts are being made to increase exports to the USSR, a non-quota and rupee-trading country, and other non-quota countries.

Demand down

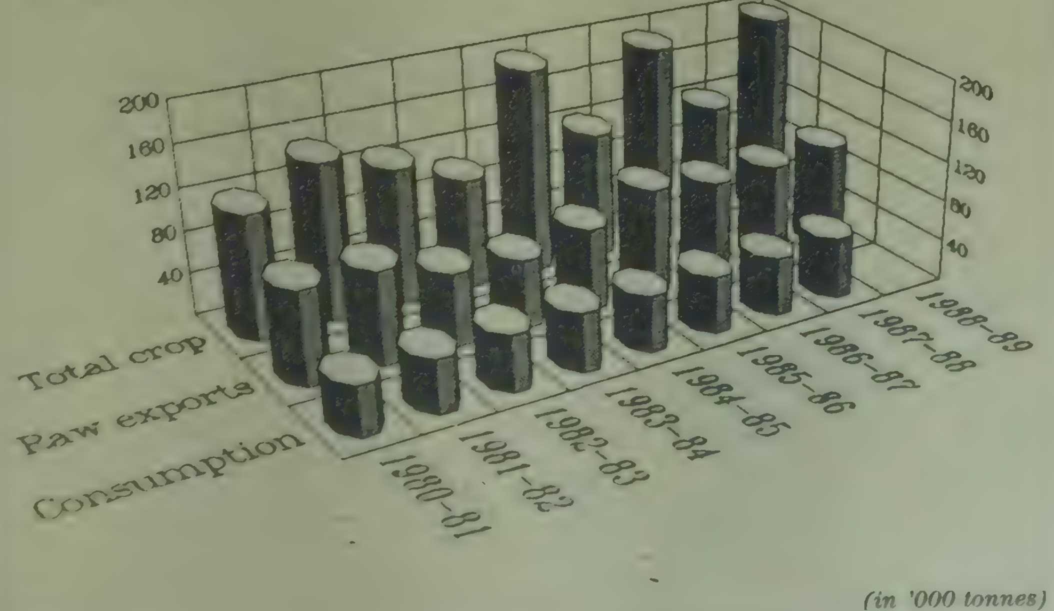
The per capita consumption of coffee in India has not picked up vis-a-vis tea or soft drinks. And shortage of raw coffee during 1975-76, 1976-77 and 1984-85 paved the way for the increasing use of the cheaper chicory, a powder made from the dried roots of the chicory plant. Currently, 40,000 tonnes of chicory are used for blending with pure coffee, and for manufacturing processed coffee. This has reduced the demand for raw coffee. Says A. Pushparaj, chief market research officer of the Coffee Board, "We can say coffee has lost a market of 40,000 tonnes."

Coffee growers are justifiably concerned about the problem of marketing raw coffee. Says B. Sivaram, secretary, United Planters' Association of Southern India (UPASI), "The issue now is how to market coffee (raw), especially after we have had a bumper crop of not less than 200,000 tonnes this year." Instant coffee is one way out.

By the end of the year, there will be one more entrant to the field of instant coffee manufacture: Asian Coffee of Hyderabad, with an installed capacity of 1,500 tonnes per annum. By March 1989, the Nanjangud unit of Food Specialities Limited (FSL), near Mysore in Karnataka, will go on stream. Kothari General Foods (KGF), which has a tie up with General Foods of the US, has already set up its instant coffee factory (installed capacity: 3,000 tonnes per annum). KGF, which has been exporting until now, will soon enter the domestic market. Others waiting in the wings are Procter & Gamble and Godfrey Philips. This scramble will take care of some of the surplus raw coffee.

In addition, says the new chairman of the Coffee Board, G.Y. Krishnan, "We plan to sell more to the USSR and certain other non-quota countries and improve the offtake in North India. If we can do that, we will be left with a carryover stock of 33,000 tonnes, which should back us up if we have a bad crop."

Exports and consumption of coffee



(in '000 tonnes)

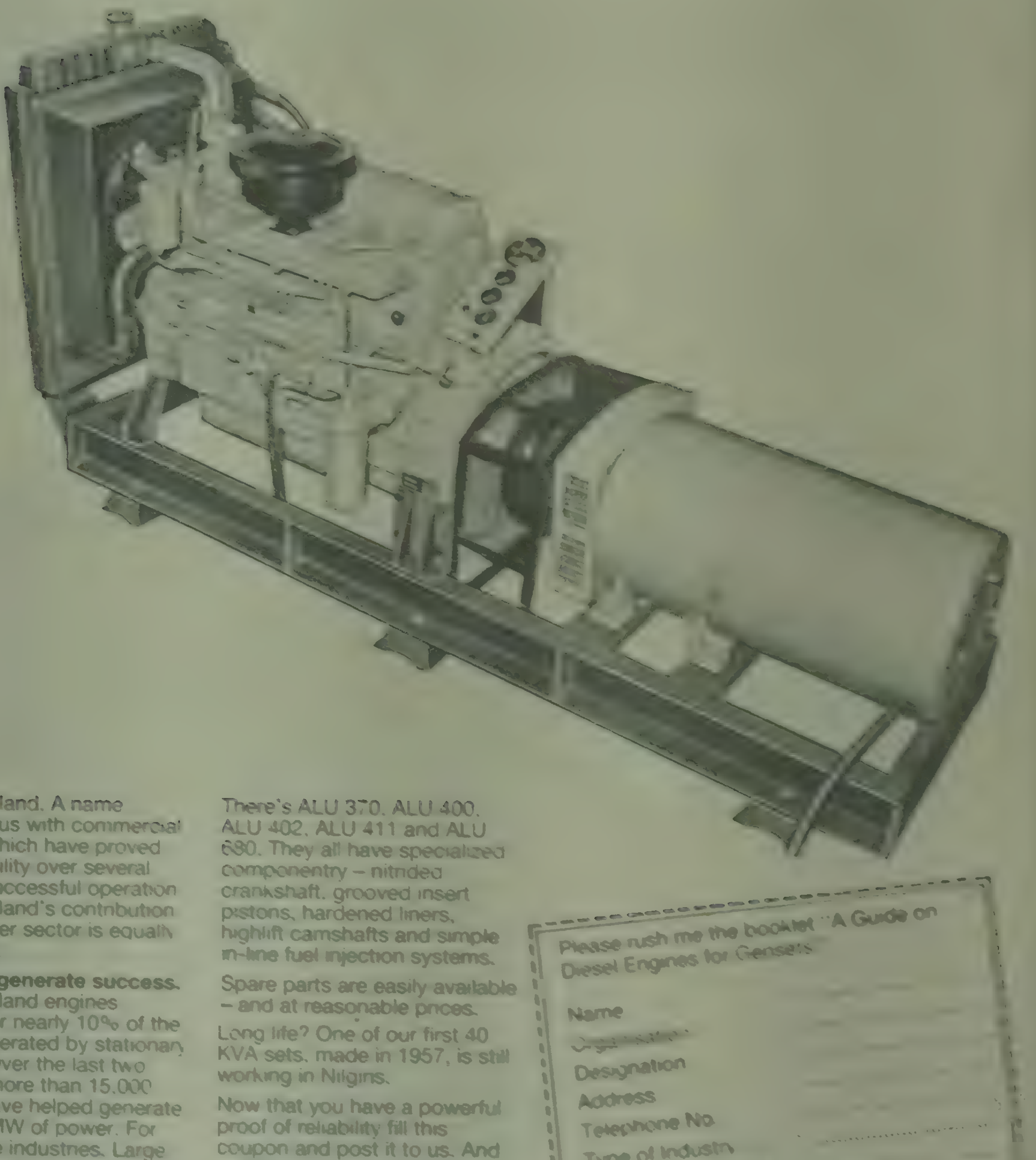
Rush sales feared

Planters have been demanding that they be allowed independent marketing of raw coffee. The board has not yet acceeded to the demand and there are no indications that it will. Argues a spokesman of the board, "The issue has been debated many times at the statutory forums of the board. The planters' associations have been consulted too. If the growers are allowed to market independently, it is feared that there will be rush sales resulting in a depression of prices.

The Coffee Board has made a promotional plan to tackle its marketing problems, which it has reportedly forwarded to the union ministry of commerce. According to N. Jayarami Reddy, acting chief coffee marketing officer, Coffee Board, "We plan to inculcate coffee drinking habits in areas unexplored before. There is also a scheme to encourage the manufacture of domestic appliances such as roasters, grinders and filters and popularise them. The board also plans to open sponsored coffee houses, particularly in non-coffee drinking areas, to be run by unemployed youths." Considering the past record of the board, the planters are sceptical about the effective implementation of these proposals, even if approved.

UPASI feels that the best way to combat the problems of surplus production is to allow planters to export directly, organise an optional pool system and reintroduce the internal quota while taking care to see that the suggestions do not boomerang on small growers.

But not all are in agreement with this view. Says a spokesman of the Karnataka



Processed coffee

Name of the company	Installed capacity *(tonnes)*
FOOD SPECIALITIES	8,500
BROOKE BOND	3,250
INDODAN	3,000
KOTHARI GENERAL FOODS (KGF)	3,000
ASIAN COFFEE	1,500

Planters' Association (KPA), "The optional pool system will not work. Perhaps a parallel system, on the lines of the Coffee Board and run by the growers, is the answer". Some planters suggest that a separate amount ought to be earmarked in the Eighth Five Year Plan for the marketing instead of for the production of coffee.

A regional product

There are several factors responsible for the poor and unsteady growth in consumption. For one, coffee is still a regional product. Barring the instant variety, coffee in general has not picked up in areas other than the south. So far, the board has not made any aggressive effort to promote coffee in India. Also, it does not have an efficient distribution network.

The fact that one gets more cups from one kg of tea has also helped tea's popularity (150 cups of tea may be brewed from one kg of tea leaf as against 80 cups from 1 kg of processed coffee). Even though instant coffee has been in the market since 1965-66, until recently, not many companies came forward to manufacture it. Coffee is still an 'elite' item while tea is regarded as the common man's drink. On the tax and duty front also, tea enjoys an advantage. Also the latter is easier to prepare than conventional coffee.

Instant coffee is sold in all the important international markets. It has been found that the demand for coffee in powder form, whether spray dried, freeze dried or agglomerate, has grown very fast. Freeze-dried coffee, though considered better than spray-dried coffee, is more expensive and hence does not sell well in most countries, except the UK.

In India, the latest additions to the instant coffee market are Gold Blend by Indodan, Rich Cafe by Brooke Bond and Nescafe Select by FSL. All three products are granular which, the manufacturers claim, retains the flavour of pure coffee better than the powder from.

The war begins

The arrival of these brands in the market indicates that a coffee war has begun. The supremacy of FSL, the market leader, has been threatened. Claims Rana Man Singh, regional manager, Indodan Industries, "We have notched up a 20 per cent market share of instant coffee. To some extent, we have cut into the existing market and also created a fresh market." There are conflicting claims about Indodan's market share but it has undoubtedly created a stir in the market. Indodan has two more brands waiting to be launched. Indana House, a chicory-dominant product, is expected to pose problems for Bru.

This new situation is a healthy growth indicator of coffee consumption. Says Man Singh: "The market needs a few more companies to shake it up. Many new companies are going in for tea manufacture. Why not coffee also?"

Domestic and per capita consumption of coffee and tea

	Consumption *(million kg)*		Per capita consumption *(gm)*	
Year	Coffee	Tea	Coffee	Tea
1960-61	3.6	140	80	315
1962-63	33	136	72	300
1964-65	38	149	78	320
1966-67	43	187	85	340
1968-69	39	185	75	360
1970-71	32	212	64	300
1972-73	28	236	69	420
1980-81	48	338	74	450
1981-82	51	344	76	510
1982-83	54	365	78	515
1983-84	58	366	73	512
1984-85	55	370	75	525

All of a sudden, the instant coffee market seems to have come alive. Others will soon join the race. Among the likely entrants is Procter & Gamble (P&G), which manufacturers the well-known brand 'Folgers' abroad. The grapevine has it that P&G will probably share its technical expertise rather than set up a full-fledged manufacturing unit in India. Says Man Singh, "The more the merrier. We encourage new entrants. Our share also will increase with overall growth."

Chella Rajendra Prasad, managing director, Asian Coffee, concurs. "As of today the market is competitive, but we are confident that by the time we enter the domestic market, with the substantial growth envisaged, we will not have much difficulty in marketing." Asian is scheduled to begin production in October 1989. While it will export 100 per cent of its production initially, it plans to explore the local market gradually.

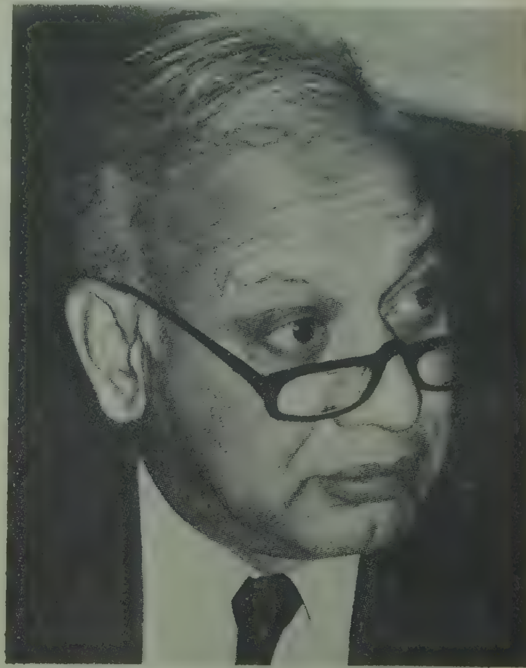
India needs a few more new manufacturers of instant coffee. Simultaneously, consumer awareness of coffee has to grow if more of it has to be drunk. The Coffee Board must sit up and make an all-out effort to perk up coffee sales. Perhaps, it can collaborate with large companies to make its promotional efforts more effective. A fresh look at the taxes and duties levied on coffee by the central and state governments will perhaps make more Indians wake up to coffee.

■ DEVAPRASAD PUROKAYASTHA

Raw coffee, surplus stocks

IAAI

Spokes in the wheels



Singh: expenses kept on tight leash

With its finances on a sound footing with a combination of money-making devices and novel cost reduction techniques, the International Airports Authority of India (IAAI) is flush with funds today — the expected profit before tax in 1988-89 is Rs.100 crores. It has, in fact, made a loan of Rs.16 crores to a sister public sector concern, the National Airports Authority (NAA). But N.K. Singh, chairman, IAAI, is now bothered by the "acute fragmentation of authority and the plethora of agencies functioning under one roof".

Says Singh, "There may be as many as 37 agencies functioning under one roof and all of them have to be co-ordinated. A difficult job, and we often accept the blame for something which is not even under our control because it is a part of the airport system." The IAAI has been entrusted with the responsibility of designing, constructing and managing the international airports so as to provide services and facilities of the highest international standards. But Singh has found the total lack of professionalism in the various organisations under IAAI hard to contend with.

Cargo management ineffective

The authority has frequently come under fire for the manner in which cargo is handled. Explains Singh: "The work culture in our country is such that the off-take of cargo takes as many as 15 days, compared with 48 hours elsewhere in the world. So a warehouse becomes necessary, which was not provided for in the original airport plan. Subsequently we had to increase the cargo space by as much as 150 per cent." IAAI handles about Rs.7,000 crores worth of cargo every year. The past two years have provided some experience to IAAI, resulting in drastic reduction of complaints regarding the untraceability of cargo.

According to Singh, convincing the cargo handling agents to train their staff took time. IAAI's Institute for Cargo Management has now been well-received by the agents' association. But a problem reaching dangerous proportions is the criminal practice of underweighing cargo. "It not only results in a loss to IAAI and the airlines, but severely endangers aircraft safety in flight," says Singh. IAAI has tried to blacklist agents underweighing cargo through letters to various airlines, but with little effect.

One noteworthy feature about IAAI is that it has become totally independent of government budgetary support and has, for the past three years, been undertaking all its expansion plans through internal generation of funds. The last financial assistance — of Rs.20 crores — was taken from the government in 1985-86. For the projected investment of Rs.339 crores in the Eighth Plan, the government "may be approached only for marginal support".

This was achieved by a two-pronged strategy. On the revenue side, hitherto unexpected areas were tapped with finesse and on the expenditure side a tight leash was kept on all expenses (*see chart*).

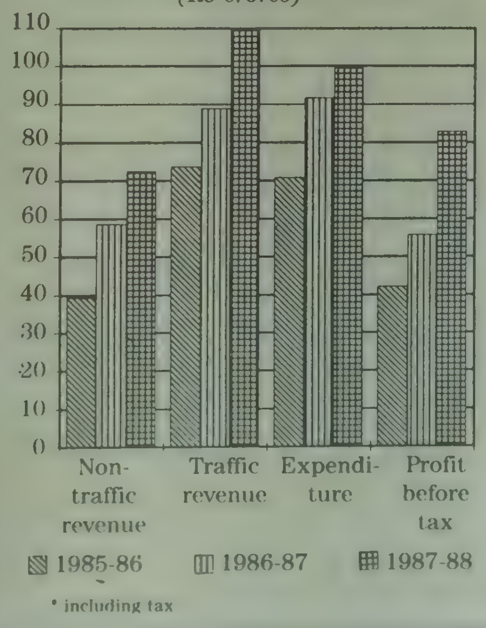
Expenditure curtailed

Revenue from advertisement hoardings at the airports was raised from "lakhs of rupees to crores by a blend of out-and-out commercial practices and artistic innovations," says Singh. The shopping area was enlarged manifold. However, landing and parking charges still fetch the maximum revenue though as a percentage of the total revenue it has come down from 75 to 15 per cent. Revenue from cargo has gone up by nearly 25 per cent. Two hotel projects which would increase revenue yields are likely to mature in two years.

The expenditure was kept under check by a system of close monitoring of project work. If any part was found lagging, the contractors were induced to hasten up and keep pace. Simultaneously, a strict system of accountability was introduced. "If people do not deliver, they must be made to pay for their lapses and negligence," says Singh.

IAAI's improving performance

(Rs crores)



The tendering system was broadbased to introduce a greater measure of competition and thereby curtail expenditure. More people were encouraged to bid in auctions. Says Singh, "The original lowest bid for the civil works for the Aggati airport was Rs.8 crores. After a fresh round, it came down to Rs.4 crores." All IAAI project costs have been brought down by 20 per cent and most of them are being completed ahead of schedule, something unheard of in the public sector.

In spite of these achievements, IAAI is still not out of the wood. Air traffic has been expanding by leaps and bounds. In the Asia-Pacific region, especially, growth has been phenomenal — 10 to 11 per cent per annum. The multiplicity of agencies in airport management complicates problems. Often, the IAAI management has to tread on sensitive ground where sister agencies are involved. There is also the constant race to keep up with the latest technology, where the training of manpower and induction of gadgets at the lowest possible cost involve a herculean effort. Though the finances look healthy, "IAAI could do with less fragmentation in airport management," says Singh.

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MATHRUBHUMI

Giving *The Times* a tough time

The much-publicised battle over *The Times of India* group's attempt to enter Kerala's vibrant newspaper publishing world by acquiring a 12 per cent stake in Mathrubhumi Printing Company, owner of the state's second largest selling daily of the same name, is hurtling towards a denouement next week.

On 13 March, the company's shareholders will meet in Calicut at an extraordinary session where the management will seek to acquire powers to reject the *TOI's* application for registering the transfer of 318 shares it acquired in January from the paper's former editor-in-chief, 38-year-old M.D. Nalapat and his family. Says *TOI's* executive director, P.R. Krishnamoorthy, "If the board rejects the transfer application we'll have no option but to get our rights established through the Company Law Board."

Mathrubhumi's existing article of association contain no restrictive clause to permit rejection of transfer of equity shares; only preference shares can be so rejected. And the reason proferred by the company's managing director M.P. Veerendrakumar to amend it is not too convincing. The board, he says, wants the right to "decline to register the transfer of equity shares to persons (read *TOI*) who would not be desirable."

A political dimension

If the amendment is passed there is no doubt that the *TOI* will challenge it, both before the Company Law Board and the courts. But media observers feel that with the issue having acquired a political dimension, *TOI's* chances of success might have diminished considerably. The ruling CPM government in Kerala has spoken against *TOI's* proposed acquisition and so has the state Congress-I opposition. And personalities ranging from retired Supreme Court Judge V.R. Krishna Iyer to singer K.J. Yesudas and filmmaker Adoor Gopalakrishnan have been competing with each other to voice their opposition, though most of them have managed to sound parochial and regionalistic. "Why should a Malayalam newspaper which was part of the freedom struggle pass into the hands of outsiders who can not preserve its tradition," Iyer said in Madras last fortnight.

They have been helped along in their fight to thwart *TOI* by two of the country's other major newspapers, *The Hindu* and *Indian Express*, both of whom have carried articles that are explicitly biased against the *TOI*. In a strident attack, N. Ram, associate editor of *The Hindu* called it "an unprecedented and outrageous aggression on the integrity of a notable newspaper with an identity of its own," and then went on to add, "What is particularly objectionable in this takeover bid was that the *TOI* was trying to project its 150-year-old tradition as a major advantage for the *Mathrubhumi*. While recognising its distinctiveness and contribution to the world of journalism I must remind you it was founded to celebrate the Raj".

However, the fact remains that both *The Hindu* and the *Indian Express*, being the only two English language newspapers that are read in the highly literate Kerala, have a vested interest in blocking the *TOI's* entry into the state. While the *Indian Express* has a Cochin edition with a circulation of close to 100,000, *The Hindu* flies copies into the state from Coimbatore. *The Times* has for long been toying with the idea of starting an edition from Cochin and if it does succeed in getting into *Mathrubhumi*, it will use its facility to print the edition. And that will prove to be tough competition for both the other newspapers.

Exchange of facilities

The *TOI's Mathrubhumi* adventure started off in a rather innocuous meeting between Veerendrakumar and Krishnamoorthy during a Press Trust of India (PTI) board meeting in Bombay in early December. Krishnamoorthy was exploring the possibility of getting the paper's proposed Kerala edition printed at the Mathrubhumi press in Cochin. In return Veerandrakumar was offered the facility of printing an edition of *Mathrubhumi* in *TOI's* Bombay press, which could service the lucrative markets both in the Gulf and in Bombay itself. Though nothing much came out of this initial meeting, it was agreed that both parties would discuss the matter again at the next PTI board meeting which was to be held at Trivandrum on 4 February.

But by mid-January a simmering dispute within the *Mathrubhumi* group involving Nalapat and the management had come to a head. This lead to Nalapat selling his family's 12 per cent holding in the company to TOI . These shares were lodged with the *Mathrubhumi* board for transfer on 1 February, which sparked off the current controversy, with the *Mathrubhumi* management accusing the *TOI* of launching a takeover bid.

Nalapat: selling in disgust

Founded in Calicut in 1923 by a small band of freedom fighters, *Mathrubhumi* is today published from Calicut, Cochin and Trivandrum. At 440,000, its circulation is second only to *Malayala Manorama*, the country's largest selling daily (630,000) And it's a profitable paper too. Against sales of around Rs.19 crores in 1987, it earned a profit of close to Rs.2 crores.

The company's authorised share capital has not changed since the beginning — Rs.1 lakh, ie, 20,000 equity shares of Rs.5 each. Its paid up or subscribed capital is Rs.17,395, ie, 3,479 shares. (Another 523 are dead or forfeited). The major holdings are divided thus; Veerendrakumar and his family: 400, his cousin and family: 350, Nalapat and his family: 400, the brothers P.V. Gangadharan and P.V. Chandran and their families of the Kerala Transport Company (KTC) group: just over 700.

Shares mopped up

The rest are scattered amongst individuals, many old-timers of the freedom movement. For them, the paltry dividend (Rs.1-2) is no attraction. So anyone who offered a four-figure sum for a share would be smothered with grateful embraces — even if much of the money was paid in black. And this is precisely what

happened over the last decade as the moneyed ones began mopping up shares.

Around 1980-1981 one Rs.5 share fetched Rs.2000. In 1984 the price was around Rs.8,000. Current offers have touched Rs.20,000. All this is black, of course. The books show a value merely between Rs.100 and Rs.200 per share.

Veerendrakumar and the KTC group entered the scene only after 1977. Both have interests in plantations, while KTC also deals in transportation, tyres and films. The Nalapats are by no means poor. They too have picked up several shares along the way. But their's is the landed wealth of a past age. KTC and Veerendrakumar represent new big money.

As editor from 1984 to 1987, Nalapat, introduced an aggressive mix of investigation and *exposes* laced, of course, with some sensationalism. This propelled *Mathrubhumi* to within striking distance of *Manorama* — the circulation gap narrowed from 200,000 to about 43,000, if only briefly. In the process it also threw Nalapat into conflict with Veerendrakumar.

The bone of contention was editorial freedom. Nalapat accused the management (specifically, Veerendrakumar, a Janata Party MLA) of interfering in editorial matters by suggesting slants for some stories and spiking others, especially those critical of the ruling LDF coalition of which the Janata Party is a constituent. Veerendrakumar, on the other hand, thought Nalapat too whimsical and organisationally inept.

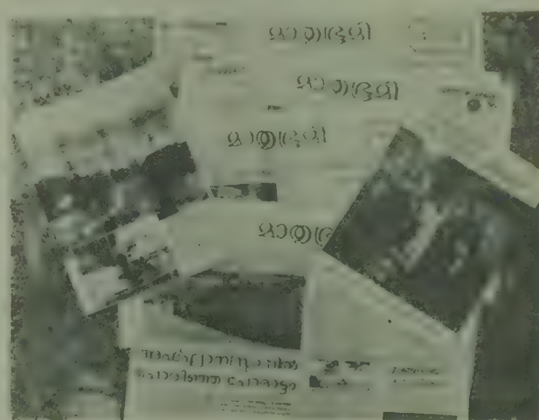
In the end, Nalapat proved no match for Veerendrakumar who continued to consolidate his power by winning over employees. By mid-1986 the former sensed he would not be able to hang on. He then began to think of selling his shares. Knowing his politics — he calls himself a fourth-generation Congressman — it is easy to see why he opted for *TOI*. Obviously, he would not want to sell to a group hostile to the Congress (I).

Stripped of powers

In September 1987 P.V. Chandran became *Mathrubhumi*'s director of editorial administration. Nalapat realised the opposition was closing in on him. Stripped of real editorial power, he found himself reduced to a non-entity. So he quit in December 1987. He continued in a new role — director, newspaper development, an ornamental post which brought him not a single assignment of work. On 30 May 1988 this post was abolished and Nalapat became an ordinary director.

The *coup de grace* came on the afternoon of 18 January 1989 at 4 pm in Calicut. At a general body meeting, Nalapat was removed as director. Thirty-seven hands were raised against him, only 3 for Nalapat and his relatives (save one cousin) stayed away from the meeting in protest.

The next day Nalapat got in touch with Samir Jain, Bennett Coleman's managing director. Three days later, on 22 January, he and the rest of his family signed the agreement selling transferring 377 shares to Bennett Coleman for a total consideration of Rs.49 lakhs, ie, around Rs.13,000 per share. According to Krishnamoorthy, *TOI* arrived at the figure using the simple calculation of dividing *Mathrubhumi* reserves of Rs.4.11 crores by the number of active shareholders. Nalapat has retained one share for "sentimental reasons". On 6 February three more shareholders transferred their holdings of 23 shares to Bennett Coleman at Rs.15,000 each. This gave *TOI* a total holding of 400 shares.



Mathrubhumi*: strong presence in the South*

But the *TOI* was in for a shock. Two days after, it approached *Mathrubhumi* to register the share transfer. At a board meeting in Alwaye, near Cochin, *Mathrubhumi*'s directors rejected the transfer application.

Nalapat in a letter to Veerendrakumar dated 7 February called it "an unjustifiable decision that is totally against the *Mathrubhumi* interest.. designed to protect individual, vested interests." He pointed out that such an association, especially outside Kerala, would facilitate an edition from Bombay, and even earn money by printing copies of the *TOI*.

A 'white' offer

In his letter Nalapat offered two reasons for choosing the *TOI*: its professional standing and excellence, and the fact that this was the only offer "entirely in white money". It is learnt that Nalapat had earlier received offers of Rs.17,500 per share from an NRI, Rs.20,000 from a private banker, Rs.25,000 from a local liquour baron.

The rebuff must have stung the *TOI*. Overnight its reputation and prestige fell under the embarrassing glare of media spotlights. But Samir Jain, keen on a peaceful changeover, sent Krishnamoorthy to Trivandrum on 4 February to persuade Veerendrakumar and the others to accept the *TOI* as "a friendly partner". But Veerendrakumar did not budge.

Nalapat too maintains that *The Times* does not really want to take over *Mathrubhumi*. It only wants "friendly collaboration". "We just bought 12 per cent of the company's shares and how can they accuse us of trying to take over the company," asks Krishnamoorthy.

Some find this hard to swallow and feel that the *TOI* is backing out of a full-fledged takeover bid largely because of the mishandling of the affair and the adverse publicity. The general opinion is that it would have been more prudent for *TOI* to have bought all the shares it needed to acquire a controlling interest and then lodged them for transfer. As things have gone, it has botched up its chances.

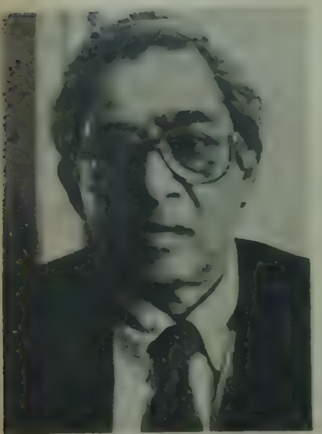
In fact, earlier, there was a feeling in the Kerala's media circles that the *TOI* would have been able to persuade the KTC group to sell its holding to them. That would have isolated Veerendrakumar and tilted the scales in *TOI's* favour. But P.V. Chandran of KTC now asserts: "Under no circumstance will we ever sell to *TOI*. Nor will any of the nine directors. Money is not the issue. Its' tradition and pride. Letting *Mathrubhumi* go would be a great blow to Kerala."

If *TOI* does gets in and beefs up *Mathrubhumi* editorially and organisationally, the resulting competition would hurt most dailies in Kerala. *Manorama*, for instance, would be hit if *Mathrubhumi* starts printing from Bombay — it would eat into the substantial circulation in the Middle East that is fed from Bombay. The Trivandrum-based *Kerala Kaumudi* group, already divided by family squabbles, may find the 130,000 circulation of its daily drop.

But right now, it looks like *The Times* will have to dig in for a long battle.

■ K.G. KUMAR in Trivandrum
and N. RADHAKRISHNAN in Bombay

The readership rumpus



SYLVESTER DA CUNHA

"Just how many potential buyers will my advertisement reach?" demands any advertiser. The need for reliable media measurement is thus of pressing concern to all who invest in advertising.

In the last few months, media research has become the subject of heated debate principally centring around the delayed National Readership Survey IV. Expected in 1987, then in mid-88, it is still to arrive. The advertising industry is most concerned. The previous study (NRS III) was conducted seven years ago; since then the media landscape has changed beyond recognition. What are the reasons behind the present predicament and what steps are being taken to resume progress?

Before reviewing that, it would be useful to go back a bit. The first serious attempt at counting numbers began in 1948 with the Audit Bureau of Circulation, which periodically investigates and certifies the circulation claims of newspapers and magazines. ABC's limitation however is that it deals in circulation only, while advertisers also want to know about readership. The two concepts are not the same.

Brave beginning

To investigate the overall phenomenon of readership, a National Readership Survey was sponsored in 1970 by the trade associations of advertisers and advertising agencies. Based on sample interviews spread across the country, it projected reader numbers of 172 publications and analysed their age, income, gender, etc. It also established the extent of reader "duplication" between publications which advertisers consider important. NRS I was a brave beginning. But, like most pioneering efforts, it hit some unforeseen snags. The sample, for instance, had some technical defects which had the effect of understating the readership of a few publications and inflating those of others.

Another flaw may have lain in NRS I's methodology. At the interview, mast-head replicas of all publications circulating in the area were shown to the interviewee, who was then asked to pick those he remembered having read most recently. Obviously, the respondent would be tempted to exaggerate the range of his reading. In the event, when a media analyst added up all NRS I's claimed readers in many UP townships, he found that they exceeded the literate population. These anomalies were however considered marginal and NRS I came to be regarded as a text book for media planners. Eight years after in 1978, NRS II improved its sample and methodology following past experience. In 1983 came NRS III. The later surveys expanded the media enquiry to include television viewership, radio listenership and cinema attendance.

Nearly seven years have elapsed since NRS III, during which television has entirely transformed the media picture. NRS IV had been announced as a joint project by research organisations IMRB and MARG nearly 1½ years ago. But it has been repeatedly postponed. The principal cause is funds. Says IMRB's Thomas Puliyel: "The cost of the project is nearly Rs.1 crore. Inflation has taken its toll. But more, we have a larger and more rigorous approach than in 1983."

Few research organisations can afford to venture Rs.1 crore without it being underwritten by those who will eventually avail of the survey data. While 318 publications have now promised to kick in their apportionated Rs.50 lakhs, advertising agencies are still to decide on a formula for sharing their slice of Rs.30 lakhs among large, medium and small 'uns.

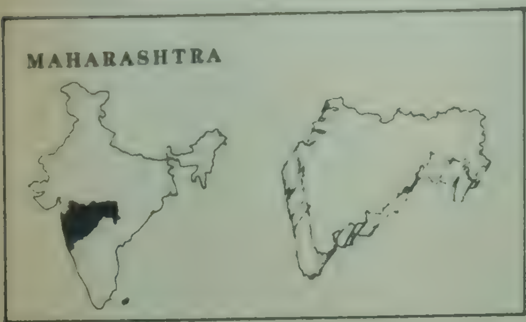
Whose responsibility?

"In the West, media studies are the responsibility of the media," declares Praveen Tripathi, general manager, MARG. "In India, strangely enough, the initiative has been that of research organisations! That's like putting the cart before the horse." In the US, for example, each medium — television, newspapers, magazines, radio — provides ongoing data on its audience reach.

Point taken. NRS I was initiated by ORG with the blessings of clients and ad agencies. NRS II was the product of IMRB. NRS III was jointly sired by IMRB and ORG. NRS IV has two sets of parents. Initially, IMRB and MARG paired up but have still to consummate the partnership. Now ORG has shocked everyone by independently announcing the formation of a rival NRS — ORG '89. A few weeks ago it embarked on a solo venture that's yet not quite "national" since it's initially confined to the Hindi speaking states. Yet this pre-emptive bid has taken industry's breath away. ORG's Raghu Roy can be forgiven for betraying a twinge of pride when he states: "ORG is a huge operation. We have the muscle to launch this survey without waiting for all the money to be committed by publications, agencies and clients. We're going ahead confident that the contributions will follow. And after the Hindi belt, we propose to complete NRS-ORG 89 in South India."

A piquant situation presents itself with two NRS IV's jostling for position. The critical question is whether the findings of the two surveys will match. Not unless their sample designs and methodology are identical. As yet, nobody seems to know if they do. And if the two conclusions are out of whack, will the confusion be worse confounded?

The author is chairman, daCunha Associates Pvt Ltd



Pawar making up lost ground

With the day of reckoning on the national front coming closer, the state of Maharashtra has been identified by the Congress (I) old guard as the only sure bet for the party's electoral success. And the man at the helm, Sharadchandra Pawar, is still perceived by partymen to be the only man who can pull the party through.

Pawar, now in command for nearly seven months is taking no chances. Maintaining an unusually low profile, the chief minister is working a frenetic eighteen-hour day in a concerted bid to put Maharashtra back on top of the country's agricultural and industrial map.

Pawar's tenure has been marked by populist announcements like loan waivers to farmers and orange cultivators adversely affected by incessant drought. The present government under Pawar is chalking out short and long term remedial measures in a bid to reap in electoral benefits. Maharashtra's agricultural production has been static over the last decade mainly due to the over exploitation of soil and water coupled with large scale deforestation.

Concrete measures. A high level committee of secretaries from planning, irrigation and rural development has been set up, under V. Ranganathan, secretary for rural development to work out concrete measures to prevent the over-exploitation of groundwater particularly in the sugarcane belt of western and central Maharashtra.

The committee has been asked to prepare a pilot project for concentrated environmental upliftment under the highly successful Employment Guarantee Scheme (EGS). Five to six villages per *taluka* will be taken up by June 1989. Says P.R. Dasgupta, secretary to the chief minister, "Our efforts are that EGS work should concentrate on conservation of water, improvement of soil production, building protective *bundhs*, aforestation and horticulture."

Water experts say, that drip irrigation not only saves 30 per cent water but improves yields due to proper water management. Pawar recently announced a set of attractive subsidies for farmers (larger subsidies for small farmers) who adopt this method of irrigation.

On the industrial front, however, quick solutions to sticky problems have been found more elusive. Thousands of workers have been rendered unemployed in recent years due to growing industrial sickness. Last month, the Pawar government finally announced its intention to allow textile mill owners in Bombay to sell their surplus land.

This move of the state government has been strongly resisted by textile workers. Militant unionist Datta Samant sees the step as a go-ahead to the powerful mill-owner lobby, faced with a sick industry and huge debts, to squeeze out the last penny and scoot without owning responsibility towards the jobless textile workers. Samant, who held a huge demonstration in Bombay on 13 February, protesting against this move sees this as a clear ploy on the part of Pawar to reap in election funds from the industrial lobby. Pawar has stated publicly that he would go ahead with granting permission only after seeking workers' opinions. Asks Samant, "Whose opinions will these be? Those of genuine workers or of the Congress-I sponsored Rashtriya Mill Mazdoor Sangh (RMMS)?"

Lack of will. Despite a number of public pronouncements to encourage the dispersal of industry to backward and rural areas, official reports reveal a 'dismal lack of political will' in implementing these election promises. The industrial lobby, meanwhile, complains of the lack of infrastructural facilities in backward areas. For instance, the Dandekar Committee (1983-84), which looked into this found that in the name of "modernisation", expansion is taking place in the Greater Bombay, Thane, Pune belts with the knowledge of the authorities. Further, the committee found that in the period upto 1982, out of the Rs.767 crores sanctioned to Maharashtra by the IDBI and ICICI, about Rs.190 crores went to Bombay, Rs.485 lakhs to Bhandara district, Rs.145 lakhs to Akola, while neither Buldana nor Amravati got a single rupee.

It is in this context that talk of the growing influence of the Shiv Sena's communalist politics gain more and more credibility. With the Sena working overtime to communalise this seething socio-economic discontent to its electoral advantage, Pawar too is moving steadily to cover lost ground. Despite his sporadic infidelities that resulted in an opposition government — the Progressive Democratic Front — between 1978 and 1980 in a state staunchly loyal to the Congress, the party still sees only him as a winner.

Pawar and Chavan: burying the hatchet

In more placid circumstances, his excellent relations with opposition bigwigs could work against him. But today Congress leaders are in no mood to risk one more upheaval. So Pawar has all the leeway to carry the cross.

■ TEESTA SETALVAD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TAKEOVERS

A game capitalists play

It sounds like fun and profit: which some say business is for. A bit like playing poker for high stakes. You calculate, size up the other side, bluff and bluster, push yourself and the other to the edge. But in this game one party does not have to lose: ideally, both parties come out winners, feeling they have something they wanted.

So there are many proponents for takeovers. Financial journalists, for example, like takeovers because they make good copy. Takeovers, particularly in the West, pay fat fees to merchant bankers, lawyers and accountants. Many economists value the mobility provided for resources — presumably to more efficient use. And management accountability is also a good which may be enhanced by takeover possibilities as Swraj Paul argued during his battle for control of Escorts and DCM.

The detractors and detractions are also numerous. Pandu Acharya of Shaw Wallace, and Subba Rao of Gammon, are only the most prominent amongst Indians opposed to takeovers. There may be merit in their plaint that professionalism was being displaced by money power when Manu Chhabria stepped in. Unfortunately, the professionals were not beyond reproach. In Gammon, Subba Rao's shenanigans have tarnished his image; Shaw Wallace under Acharya was reputedly no cleaner than any other liquor company in India.

Funds blocked

Personalities aside, there are other objections to the mergers and acquisitions (M&A) craze. American commentators, bemoan the preoccupation of their compatriots with financial games including M&A. Meanwhile, they say, the Japanese are getting on with things that really matter: producing goods the world wants. Tied up, in not especially productive uses are huge amounts — 25 billion dollars in the recent New York takeover of RJR/Nabisco (in the aftermath of which, in India, Rajan Pillai consolidated his hold on Brittania), which compares with the marketable debt of the Indian government. Even worse is the talent drain. Firstly, as accounts of the RJR/Nabisco battle show, huge quantities of high level time were absorbed. That squabble took about six weeks and tied down chief executives with about two dozen advisers on each side. Additionally, there were arbitrators, meetings of boards of directors, etc. A scale not inappropriate for international disarmament. And that pre-emption of human ability may have been exceeded in the fight for Shaw Wallace which continued over some 18 months.

Secondly, those choosing careers are obviously attracted by the glamour and riches of M&A. While all can not aspire to be the tycoons actually making or fighting off the bids and counter bids, many might hope to be advisers to such tycoons. How lucrative would that be? Well, in 1987 top pay in corporate America was reckoned at about one million dollars per year. But a British born merchant banker made in salary and commissions, a staggering $ 112 million. In India, too, merchant banking is amongst the best paid work.

Takeovers, good and bad

Observers distinguish "good" M&A from "bad". The former make sense because the parties to it fit well in their respective capabilities to manufacture, market, innovate or finance. Which is why Japan's MITI has famously married companies. "Bad" M&A only serve human greed through manipulating financial markets or tax and usually involve asset stripping, redundancies, closures, etc. The line is very thin, sometimes. Because the only economic justification for a new management lies in its vision or ability to rearrange for greater productivity and profit. Which, incidentally, throws doubt on promises often made by takeover bidders not to interfere with "day to day management" or "professional managers". Unless takeovers are merely abstruse games for the over-rich.

Perhaps because of the fineness of the line, American authorities do very little about the general unease. Except where monopolies restrictions apply. In an environment supposedly highly regulated, one would expect the situation to be very different in India. The big difference is that funding a takeover is more complicated. Indian banks are discouraged by the Reserve Bank from lending for speculative activities — which should cover leveraged buyouts like the Kohlberg, Karvis and Roberts (KKR) takeover of RJR/Nabisco.

Similar strictures apply to raising funds on the stock market or from the public financial institutions. Moreover, acquisition of shares in one company through exchange for equity or debt in another (quite usual overseas to avoid cash outflow) is disadvantaged in India. Not least by capital gains tax payable by the seller and even, possibly, by shareholders in the buyer. However, banks have often looked the other way when facilities ostensibly for industrial plant or working capital were used for share transactions. And banks have encouraged rescue takeovers of sick units. Which means you do not have to have huge political clout to get financiers to cooperate outside the usual policy. So Indian managers might do well to prepare a bag of tricks in case they should need to launch a takeover bid or fight one off. Here are some of the more interesting moves made in this field in India, for the benefit of regulators as well as players.

Reasons for takeover

An early consideration, in launching as expensive an exercise as a takeover, is "why?" Unfortunately, the question and its answer have not often been explicated. But the following may be deduced as important: quick growth and diversification. Abhey Oswal, for example, was said to be interested in Carbide's Chembur units for this reason. Similarly, the Hindujas were said to have taken their stake in Ashok Leyland to establish quickly an industrial base in this country.

An obvious takeover is that of a tough competitor — to reduce competition and increase market share. Blowplast's acquisition of Universal Luggage was apparently so inspired. On the other hand, Vittal Mallya said that at least some of his breweries were acquired for a quite different reason — goodwill. They were sick units the financial institutions wished to revive. There are many variations on these themes. Which also illustrate that the "what" and, to a point, the "when" of takeovers follow from the "why".

Having decided to takeover, how does one fund the ambition? Popularity has been gained by off-shore financing. As when non-residents like the Chhabrias, Hindujas and Swraj Paul raise funds overseas for purchase of non-resident shareholdings (as in case of RG Shaw or Leyland) or domestic shareholdings as in

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DCM and Escorts. Micro-economic theory would be for the acquisition to service the overseas capital, one way or another.

Many industrial managements in India can get black money easily. So, for M&A, a common practice is to use black money — sometimes under the table payment; sometimes laundered through numerous bank accounts in false names. Some Calcutta companies, including Peerless, were accused of the latter. A variant is to take the money overseas and bring it back as NRI capital. As Reliance is alleged to have done.

Till recently, donations to trusts for employees' welfare were deductible from taxable profits. Such trusts could therefore receive large funds at the cost of shareholders and the exchequer. Managements sometimes misused the funds. Government closed the loophole in 1984 — apparently because certain trust funds were used to fight off the Swraj Paul takeover bids. Conveniently, the trusts could have initiated takeovers. Although donations can no longer be made tax free, management can still make loans to such trusts to buy shares — but to avoid public scrutiny, subsidiary companies are preferred.

Using idle funds

Journalists have credited Abhey Oswal with the ability to raise money cheaply (through shares issued at a premium) for M&A. Not many, however, have noticed as innovations, the apparent use of Tata Chemical or Fertilizer and Reliance Textile or Petrochemical funds to buy into respectively ACC and Larsen & Toubro. In both cases, presumably, the funds were idle due to delays in industrial projects. Fortuitously, opportunities arose for profitable share acquisition. Other managements might raise funds with Controller of Capital Issues approval. Then the specified project might be delayed, and money would be at hand for speculation.

With motivation and funding taken care of, the prospective acquisitor can move to the strategy of the bid. Western literature abounds on this subject. However, little seems to have been published on the Indian experience except that, perhaps in keeping with joint family traditions, approaches are rarely made directly. A trusted intermediary is usually found who maintains secrecy and saves face for both parties, if required. In the past this was often an accountant or lawyer in public practice or a senior businessman. More recently, development and merchant bankers have helped.

Motivation is equally important for fighting off a takeover. Is it worth it? Wardekar of Western India Erectors (recently taken over by United Breweries) thought the contrary: Acharya of Shaw Wallace did want to fight — in spite of Chhabria's declared intention not to disturb professional management. Personalities seem all-important.

Bids and counterbids

The text book defence of an incumbent management is to deliver good results — to customers, employees, the public, government and financiers. This is obviously worth doing. And communicating to make share value reflect true underlying worth. But so that a raider cannot get assets at a bargain price, some unexpected actions may also be necessary. For example, the head of the Indian affiliate of a multinational was asked to sell property in Bombay — for leaseback at current rents if necessary. The argument ran that the book value of the property was low relative to market value. So, to that extent, the company offered a bargain to a corporate predator.

To fight the Chhabria bid for Gammon India, Subba Rao has done the most obvious — nursed a large shareholder. Although his success is currently in doubt, the play is unimpeachable. One could even conceive, *in extremis*, fan clubs of shareholders (Ambani has taken steps in that direction) created to sustain a management.

Other gambits have included counterbids. These are funded in all the ways that bids are financed. Acharya was accused of a clever variation on the investment company route. It was said that he set up Shaw Wallace subsidiaries in the control of his cronies. Then these enabled not only to buy the parent's shares but to secure tenancies in Shaw Wallace's valuable buildings. Thereby stripping the holding company of value.

Another ploy in India is through the half dozen or so institutions that together own controlling stakes in almost every large industrial company. With their support, management control can be won or lost. In the case of Swraj Paul, Escorts and Hari Nanda, the Life Insurance Corporation was an active player which reconstituted the board and otherwise gave Nanda a trying experience. The Modi Rubber story also shows that the institutions may not always do what industrialists expect.

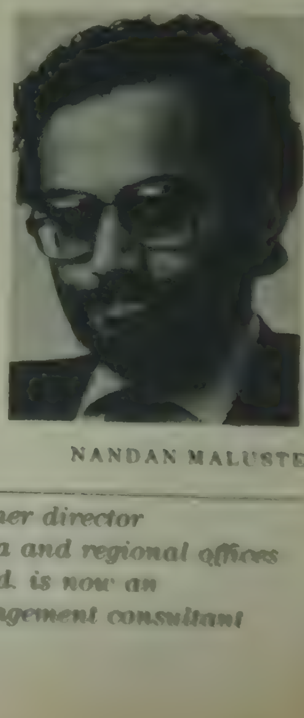
The Reserve Bank may also be made a player. Not only as regulator of domestic banking: in both the Shaw Wallace and Escorts cases it was asked to confirm that the financing and transactions were within exchange control regulations. At the least, this buys time.

Links, political or otherwise

At an early stage in the Shaw Wallace battle, the Monopolies Commission was sought to be engaged. The allegation in certain Calcutta journals, notably *The Statesman*, was that Chhabria was acting *benami* for Vijay Mallya. A Shaw Wallace United Breweries nexus would be monopolistic. This suggestion evaporated in time. Even if untrue, it made for good copy. And a good try.

Given Indian industrialists' penchant for political intervention in their problems, direct political pressure is probably quite common in making and unmaking corporate marriages. If so, it has been discreet. However, it is certainly an option — and one which DCM was said to have used against Swraj Paul in addition to letting Nanda champion their cause.

Two ploys have not been tried yet in India, but could be. One is to get employee backing for one of the parties — most likely the incumbent management. I recall this being invoked in the U.K. around 1970. The other would be to get other stakeholders — for example, large customers and tax authorities, to weigh in. Gammon, for example may have a very large contract with a party who may, or may not, want Chhabria in. Similarly, a company with a large excise or other tax liability could be pressured by the relevant authorities. ■



NANDAN MALUSTE

The author, a former director commercial, media and regional offices of Lintas India Ltd. is now an independent management consultant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CONSULTANCY

Creating Asia-Pacific relationships

The Association of Management Consultants of India held the First Asia-Pacific Conference of Management Consultants at Ashoka Hotel in Delhi from 23-25 February 1989.

Over 200 delegates, mainly consultants, but with a sprinkling of users, heard distinguished speakers from India and several overseas countries exploring a variety of issues under the conference theme of emerging management consultancy needs in the Asia-Pacific region.

The conference was inaugurated by M. Hidayatullah, a former vice-president of India, who recommended the formation of an Asia-Pacific Common Market, because of some commonality in religions, languages, customs and traditions.

The keynote address was given by M. Narasimhan, a former governor of the Reserve Bank of India (RBI). He noted that the growth in the gross domestic product (GDP) in the region was around seven per cent between 1980 and 1987, which was about twice the global growth rate. He anticipated that this trend would continue in the Asia-Pacific region. He urged management consultants to help conceive, design, implement and operate future projects to ensure that investment is more efficient and productive.

Extensive sessions

The two and a half day conference was subdivided into 8 business sessions, running the gamut from traditional consultancy areas such as management of the corporate sector, government, financial resources mobilisation and information technology to new potential consultancy areas such as management of the environment, energy sector and health.

Apart from the business sessions, in concurrent delegate sessions each day, around 30 delegates presented experience-based papers to small groups of participants, who discussed those issues. An interesting innovation was a teleconference with M. Macoby, professor at the Harvard Business School on the topic 'A consultant can help make government function more effectively.'

The first business session on management in financial resource mobilisation was chaired by R.N. Malhotra, governor of the RBI, who alluded to the globalisation of financial services and the need for Indian consultants to learn these techniques.

Trend towards privatisation

William Dykes, managing director of Citicorp International Ltd, Hong Kong, highlighted the emerging trend in the privatisation of public utilities and gave the example of "BOT" (build, own and transfer) as method to mobilise financial resources. He predicted that this would be increasingly used in the developing world as it shifted debt from the government to the private sector. An interesting example was given of Hopewell Ltd, which had a first rate reputation in Hong Kong for construction of buildings and roads and had built a 1,000-room hotel in Guangdong, China, a power station which his company built and operated despite lack of experience in the area.

The session on management in the corporate sector began with R. Bruce Macgregor of the Association of Management Consulting Firms USA, speaking on "Consulting in the Year 2000". Drawing on his experience, he described consultancy as increasingly market driven and global, with consultants creating cross-border relationships to expand expertise in order to survive intense competition. He estimated worldwide consultancy revenues at US $ 13 billion and growing annually at 27 per cent.

He was complemented by an eminent user-spokesman, A. Ganguly, chairman, Hindustan Lever, who focused on the emerging role of consultants in the Indian economy. He pointed out that large investment decisions were being critically examined from a strict cost-benefit viewpoint, thus creating a growing need for highly practical state-of-the-art consulting expertise in the area of strategic planning and investment decisions. In this context he also demanded international networking of consultants for client satisfaction.

A high-powered team from the Asian Development Bank (ADB), led by S. Baha, held one complete session on the selection and use of management consultants by ADB. The presentation certainly emphasised the fairness and transparency of the procedures for selection. However, there seemed a strong participant feeling that enrolment and project award procedures were cumbersome and that, the selection of Indian consultants by the ADB had been few and far between.

A perceived gap

A session with maximum impact was the one chaired by S. Swaminathan on management of the environment. A down-to-earth K.P. Geethakrishnan, secretary, department of environment, stated that a perceived gap in consultancy skills in India was environmental expertise. He pointed out that environmental clearance was mandatory and asked for integration of the project report with an environmental management plan. He suggested the need for self-examination on the part of the consultancy profession, since today Indian consultants were often viewed, not as impartial experts, but as promoters' men.

The need for management consultants to be problem-solvers rather than mere push-button answer-specialists was touched on both by Macoby and Mohan Kaul, director, management development, Commonwealth Secretariat. Kaul spoke of the importance of consultants being involved in the implementation of recommendations. Macoby too picked up this aspect as he defined consultants as either 'off the shelf', 'interactive' or 'participative', the latter being the ideal for the consulting profession.

There was a plethora of other interesting sessions including Sam Pitroda's on information technology, where he predicted that the hierarchical system of power in corporate life would be diluted through an information revolution which would put an emphasis on knowledge rather than a person's place in the pecking order.

The issues debated were of a high calibre generally. The major plus point of the conference was the close interaction of consultants from so many places leading to the first steps to national and regional networking in the profession.

In the final consensus, consulting in the Asia-Pacific region may indeed be said to have come of age with this conference. The next round is scheduled in 1991 in Singapore.

■ LALITA PHADKAR

STC & MMTC

A joint thrust

The approach is positive, the attitude sincere and the possibilities immense. Yet, the joint export thrust strategy enthusiastically projected by Bhupinder Singh and I.P. Hazarika, the recently appointed chief executives of the State Trading Corporation (STC) and the Minerals and Metals Trading Corporation (MMTC), respectively hinges on continuous support from the bureaucracy.

The strategy envisages, according to Hazarika, an export thrust through the "synergy of the two organisations without actual merger". This is to be achieved by uniformity in procedures and personnel policies, a joint management pool at the level of general manager and above, pooling of foreign offices, joint participation in exhibitions and trade fairs, formation of a joint overseas trading company, a specific identification of common items, and clear-cut demarcation of the operation area to avoid duplication and joint participation in export projects, among other measures. Says Singh, "We are not looking solely from the MMTC or the STC angle. The idea is to use the infrastructural facilities of both in the larger interests of the country. Though duplication cannot be altogether eliminated, it should be marginal".

Hazarika is forming a separate division for non-canalised items where his "handpicked people would not be tied down by rules but function on commercial lines".

Hazarika: "synergy without merger"

Singh: "the idea will benefit the country"

Procedural examination

A relook at all critical procedures is on. The MMTC invites sealed tenders which are opened in public in the presence of representatives of the bidders, including Indian agents of foreign suppliers. Says Hazarika, "If you do not have Indian agents, then somebody from abroad has to fly down for the tender. They can't do that every time. And a global tender should, in all fairness, be opened in public." But STC does not do this because of some problems the government had to face in the past.

Actually, MMTC resorts to a mix of tenders and negotiated purchases with government approval. The London Metal Exchange gives indicative prices of non-ferrous metals, and MMTC makes spot purchases on the basis of tenders. In the case of fertilisers, it resorts to negotiations, because "had we gone in for tenders, the prices would have gone up tremendously" says Hazarika.

According to Singh, open procedures cannot be applied to commodities where a terminal market for products like chemicals, drugs and leather is not established. "We at STC ask for performance bond, they don't. They ask for a bid bond, we don't. All STC suppliers must be registered. But there is no procedure for registration in MMTC", says Singh.

Both corporations are seriously contemplating a joint management pool at the level of general manager and above. "Unless we have a pool of managers in international trade, it would be difficult to find the right man for a particular job," says Singh. However, first they would establish uniformity in recruitment, promotion policies, benefits and perks rather than plunge headlong into a common top management cadre. This way an officer does not mind working for either organisation.

Joint export units

Free investible resources of both the organisations amount to Rs.200 crores each. Though joint setting up of export oriented units is a distinct possibility, Hazarika does not visualise STC or MMTC in the role of a nurse for sick industrial units. Assistance would however, be provided to sick units in the cottage, medium and small sectors on the export front but there would be no involvement in a revival package. A possible area of co-operation, according to Hazarika, would be deep sea fishing, where the investment required is in the region of $ 250 million.

Currently, STC has 16 foreign offices and MMTC four. The idea is to pool them after a demarcation of items and markets has been made so that valuable foreign exchange can be saved and the best possible use made of the expertise available. However, lamented a senior MMTC official, "the government has been sitting on our proposals for opening up foreign offices for four years now".

The two corporations are also thinking about setting up a joint trading company overseas with all the foreign offices of STC and MMTC becoming subsidiary companies to enable them to transact international trade, not permitted at present under international law. Says Hazarika, "In our joint overseas company, hiring and firing will be strictly according to on performance. Here it is applicable only to directors and chairmen and you can't really do anything to people down the line".

Currently, it takes as much as a year and a half to send a sample in response to an enquiry generated abroad because the local man according to Hazarika, wonders "Why should I do the dirty work of arranging for a supplier for a colleague who is enjoying life abroad?". The overseas company is expected not only to take care of such hassles but generate enough surplus revenue to earn substantial profits for the two corporations.

The question that is being asked in trade circles is whether the bureaucracy will rise to the occasion and smooth the path of these two trading arms of the government; or, will it, as it always does, place obstacles in the path? ■

ANOOP SAXENA

"With us, brand power is sacred"

As chairman and chief executive of Lintas:Worldwide, **William ('Bill') Wiethas** *sits at the helm of a $3.7 billion advertising network that extends over 47 countries. Ranked internationally amongst the top 10 ad agencies, Lintas:Worldwide is part of the New York-based Interpublic Group which includes also McCann-Erikson Worldwide.*

Wiethas, along with an 18 member board was in India to inaugurate the golden jubilee celebrations of the Indian affiliate, Lintas:India, which reported capitalised billings of Rs.80 crores last year.

Chairman of the American Association of Advertising Agencies, Wiethas strongly believes that advertising is a tremendous productivity force. He spoke to Business India's *Naazneen Karmali.*

Is the purpose of your visit a purely celebratory one?
The primary purpose of our entire board coming to India is to honour and pay our respects to our Indian agency for its 50 years of existence and its dominance of the Indian advertising market. It will also be an important business trip as we'll be meeting some of our key clients. It's been two years since I've been here and this unit is an important one for us.

How important is important?
In terms of the ability to take our earnings out of this country, there are limitations. But there are other factors. Some of the disciplines adopted by our Indian agency can be applied elsewhere. For example, in public service advertising, in which they are doing an outstanding job. We have learnt from them that an agency can be a good citizen.

Their system of having three separate units, which allows them to give each of their clients the very best, is a management concept which we're looking at very carefully. Also, there is a tremendous work ethic here.

What is the involvement and contribution of headquarters on a regular basis to the Indian counterpart?
The Indian agency gets the nourishment of all the systems we have developed through management by comparison on a global basis, such as our strategic planning discipline called the link system.

Right now in the US, our art directors and copywriters are sitting with computer programmers and looking at immediate creative alternatives. When there's a breakthrough it will go into all our units.

One view is that such international links lead to a tremendous amount of paperwork in the form of reports, which hampers the creative get up and go. Do you agree?
No, not in the least. We believe that what doesn't work locally, doesn't work at all. There are no restrictions on Alyque, for example, to accept any international campaign or idea. Local culture and characteristics have to be taken into consideration, though you can adapt a strategic technique. In that, internationalism can enhance the creative product.

What is the yardstick — billings or profitability — for measuring Lintas:India's performance?
We look at its revenue growth, profitability and its new business. We also see how well it is managed, and whether it is in the forefront of the business.

What is the overall Lintas philosophy and culture?
It's a culture of international people working together. Indeed, on an average, 50 per cent of our business is international. We've been 50 years in India and 60 years in Britain and Germany. We have eight or nine different nationalities on our board of directors. We try not to have expatriates running around the world running our business. However, we do have an exchange of good people. From India we have Stanley Pinto running our Malaysian operation. We look for talent, whatever its nationality, and we utilise it.

Worldwide there is a trend in the advertising business to grow by mergers and acquisitions. Is this a healthy trend and do you think it will continue?
It is motivated by a desire to grow and I think it will continue, though the pickings are getting smaller. The advertising business is a reflection of what's going on with our clients, who have the same desire for growth.

It need not be detrimental if one's approach is intelligent. As we acquire agencies, it is imperative that they share our culture and our goals. For instance, one should question an acquisition where an extremely creative agency buys into one that is known only for its business acumen. Making an acquisition just for increasing our numbers is not on with Lintas.

How does Lintas operate within the Interpublic Group?
This group today consists of two separate systems — McCann-Erikson Worldwide and Lintas:Worldwide. We have no interplay or cross-pollination. We have totally different operating philosophies, we cannot exchange people. In fact, we compete head on. That is why Interpublic is one of the more successful advertising holding companies.

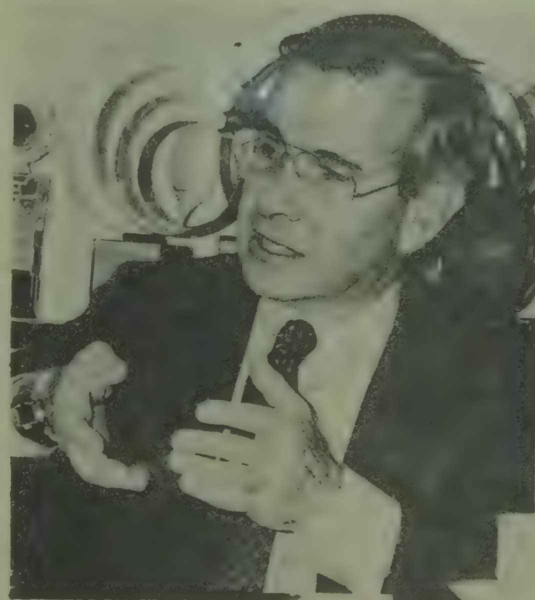
Would the two agencies take on competitive accounts and is that acceptable to clients?
We do. For example, McCann has AT&T and we have IBM. Right from the sixties, Interpublic has religiously held to the concept that each agency would be totally separate. The market place understands that we are competing agencies.

Will internationalisation lead eventually to the development of a global advertising theme?
There is no substitute for local communication firepower. It's all linked to what we hold sacred at Lintas: the power of the brand. Companies are discovering, indeed they know it, that the measure of their worth is their brand. Because people don't go out and buy Unilever — they buy Surf and Liril; and these brands can go across many countries. There is therefore a tremendous opportunity for international advertising.

"'A national company with an international idea"

'or an advertising agency person, **Ken-eth Roman**, *chairman, Ogilvy & Mather Worldwide, and chairman and hief executive officer, the Ogilvy group, s atypical. He's been in the business for 5 years, all of which have been spent in arious capacities at O&M unlike in the ase of his peripatetic counterparts.*

Co-author of two books, How To Advertise, *and* Writing That Works, *Roman is lso a director of the American Association of Advertising. He spoke to* Business ndia's *Naazneen Karmali, prefixing the nterview with the plea: "Please don't sk me what I think about Indian dvertising!"*



Let's begin with the event that brings ou here.
've been planning to visit India for some ime. This is my first trip. I arranged to be ere for a number of events. First of all, to ee one of our big and important companies. Secondly, to participate in the ndian training programme that we have very year. And thirdly, to tie it all in with he 60th anniversary of our company.

sn't O & M Worldwide much younger han OBM (India)?
) & M was 40 last year. So the child is lder than the parent! It was called)gilvy, Benson & Mather for many years, ust like here. In the sixties, we merged vith a medium size British agency. At hat time, we took the Ogilvy from New 'ork and the 'Mather' from London and ropped the 'Benson'.

s chairman of O & M, how do you co-rdinate over 300 offices worldwide?
)bviously, through some very good peo-le. For example, we don't run the Indian ompany, Mani Ayer runs it. We have a vorldwide board and half of its directors re based outside the US.

Vhat is the strength of the board and vhat role does it play?
here are about 19-20 people on the oard. It meets three times a year and ets worldwide policy. David Ogilvy sits n that board and as chairman of OBM ndia, he represents India on the board. le wears several other hats. He's also hairman of our South African company. le's our founder and our conscience. The last role is what takes up most of his time. He writes memos or letters to me every day!

How significant is OBM India in the Ogilvy group?
It's a very important company because we have important international clients here like Unilever and American Express. They represent a large and growing percentage of our income — over 40 per cent. Therefore, we have to be in India.

What is the stake and involvement that O & M has in OBM?
We have a 40 per cent equity participation. We help on our professional disciplines, through our training programmes. We also send material, presentations, articles, information on the latest techniques.

If an international client decided to come to India, would OBM get to handle that account?
Not automatically. But it is considered, and stands a good chance if it does good work.

What, exactly is the concept of orchestration which David Ogilvy has been talking about?
I don't want to talk about orchestration because I think it is extremely misunderstood. Orchestration is working. No matter what people say, we are serving more clients across many disciplines. Whether people feel that they need it or not, it is, in fact, growing, with us and with other agencies. That's simply an observable fact. We don't sell orchestration. It's not one-stop shopping. It's something we do internally.

How does it work within the agency?
We teach people about other disciplines and we send people from different companies to these training programmes so that our student body becomes cross disciplinary. To the extent we do that, we can try to pull together a single brand image for our client.

How do you rate the advertising work being done by your Indian counterpart?
I can only judge our work in each market compared to its competition. It's a big mistake if somebody comes in and without knowing the culture or the languages sits there and says that's a good ad or a bad ad.

For instance, there was a coffee advertisement in Germany and the line read, "The two of us". I said, that doesn't look like a very good line, there must be something more. Then it was explained to me that the phrase in German has many meanings. It could mean "two people like us," or "just between us". It's impossible for an outsider to comment!

This agency gets outstanding reports from clients, it is growing, it's winning awards amongst its peers — so I think their advertising must be good.

What is your assessment of the calibre of advertising professionals you have met in these past few days?
The people I have met here are very intelligent, articulate and sensitive to their market and its changes. I find them highly professional and have a great deal of confidence in their ability to interpret Ogilvy & Mather in India. It would be presumptuous and arrogant for us to tell people how to be successful in a different country. We would rather ask them what kind of resources we could provide to help them.

Our company is a combination of a national company and an international idea. That's why we have relatively few expatriates running our affiliate companies worldwide.

Thermax joins Babcock & Wilcox of USA to serve India revolutionary technologies for boilers up to 300 TPH, and for life-extension and retrofit applications.

Now you can get the latest in high-efficiency, multifuel, large capacity industrial boilers right here in India. From Thermax Babcock & Wilcox, a joint venture company, promoted by Thermax of India and Babcock & Wilcox of USA.

Thermax, with its consistent history of pioneering developments in thermal engineering, is a company growing with a mission. And Babcock & Wilcox are the international stalwarts since 1867 in boiler technology, with 60% of boilers around the world manufactured to their designs.

Each a pioneer and a leader; together they are the best thing to happen to the Indian steam generation industry.

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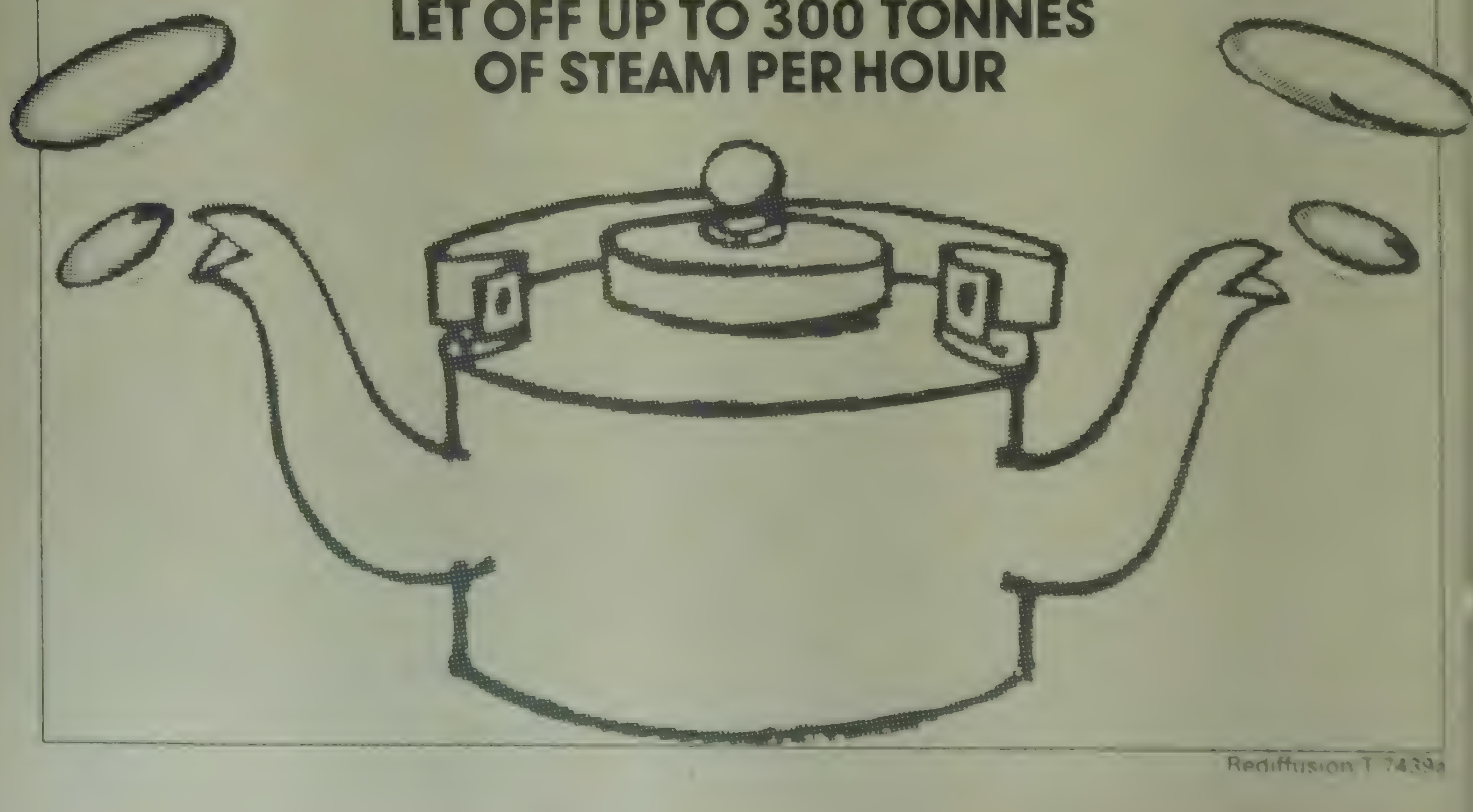


Rediffusion T 7439a

PECHINEY

Insider trading scandal

The French industrial establishment has been rocked by a serious scandal involving the leading aluminium company, Pechiney. The allegations arise from the takeover of Triangle by Pechiney. It is rumoured that some privileged people including Roger Pellet, a close friend of President Mitterand, received news of the Pechiney bid just before it was announced, and consequently were able to make a large profit on the purchase of Triangle shares.

XEROX

Scaling back

Xerox has announced a restructuring and retrenchment plan which will result in a one time charge of $275 million. The plan envisages dropping the manufacture of medical equipment and scaling back electric typewriter production. The restructuring will lead to the retrenchment of 2,000 employees.

TEXACO

Settlement with Icahn

The troubled oil giant, Texaco, which had filed bankruptcy proceedings earlier, reached a truce with corporate raider Carl Icahn, its biggest shareholder. Under the terms of the truce, Icahn will not launch a takeover bid for seven years; he has also agreed to restrictions on disposal of his present holdings. In return, Texaco will pay out a special dividend of $2 billion out of funds it had raised from asset disposals. It will spend a further $500 million on a stock buy back plan.

MITSUBISHI

Purchase from Nestle

Mitsubishi of Japan has secured an entry in the European food market through a deal with Nestle of Switzerland. The transaction involves the sale of Nestle's Princess Canned Foods and Trex Cooking Oil businesses to Mitsubishi. The price of the sale is not disclosed. This is the first major Japanese thrust into the European foods market.

CHRYSLER

Agreement with Hyundai

Chrysler has reached an agreement with Hyundai, the Korean auto maker, for selling a medium sized sedan from Hyundai through Chrysler's marketing network in North America. It is expected that the sourcing will take place from Hyundai's plant in Quebec, Canada. Chrysler is likely to use its jeep marketing network for the new sedan.

SINGER

Sale sewn up

Singer Sewing Machine Company has been sold to Semitech Micro Electronics, a Hong Kong based computer trading company. Semitech is owned and financed by Stanley Ho and James Sting. The takeover of Singer with annual sales of $1 billion is the largest ever purchase of an American company by a Hong Kong enterprise.

APPLE COMPUTERS

Sudden downturn

Ever since John Sculley, formerly of Pepsi-Cola, took over the helm of Apple Computers in 1985 he has been able to report an increase in profits every quarter. Now, for the first time, Apple has shown a substantial downturn. The reverse has been attributed to a shortage of dynamic random access memory chips (DRAMS). To overcome the shortage, Apple purchased these chips on the spot market, at three times the normal price. Consequently, it tried to pass on the increased cost to its customers but triggered off a market reaction.

Sculley: falling profitability

METAL BOX

Opposition from Elders

The Australian brewing group, Elders, has thrown a spanner in the works of the proposed tie-up between Metal Box of UK and Carnaud of France. Under the plan, the Metal Box packaging interests would be hived off to a separate company called CMB Packaging, which would be jointly owned by Carnaud and Metal Box.

Elders, which own 6 per cent of Metal Box equity, has opposed the plan. The company is believed to be considering a bid of £780 million for taking over the Metal Box packaging business itself.

FUJITSU

Chip plant in Britain

The Japanese electronic giant Fujitsu is planning to set up a $100 million semiconductor chip plant in north-east England. It is believed this investment is designed to gain a foothold in the European market, in which all trade barriers between European countries will be removed by 1992. Hitachi and Toshiba are also reportedly considering setting up of semi-conductor plants in Europe.

AMERICAN EXPRESS

Postponement of new card

American Express has postponed the introduction of the new card which it had planned to launch with Nomura Securities of Japan. The postponement followed strong opposition from Japanese banks. Mitsubishi Bank had threatened to charge American Express four times the normal rate for transactions on the new card. The Japanese banks want American Express to drop the card altogether or limit its applicability to large transactions only.

■ ABHIJIT SEN

Tailors are out, readymades are in

Garden Vareli, Grasim, Bombay Dyeing, Century, and the Tata's are all the latest entrants in the booming garments industry, which has so far been largely dominated by the small scale sector

At Weekender, a readywear showroom on Bombay's Warden Road, owner Namrata Wadhwa was expecting to do business worth Rs.10,000 daily when she set up shop nine months ago. Now, daily sales average at around Rs.30,000. On a good day, Wadhwa says her cash register clears Rs.40,000 to Rs.45,000.

- *Five years ago Raymonds' sales of readymades in the eastern region totalled less than Rs.10 lakhs, according to R. Golcha, manager of the company's Park Avenue showroom in Calcutta. But last year Golcha's own store recorded a turnover of over Rs.1 crore.*
- *In Bangalore, the Wearhouse chain of six showrooms was doing business of less than Rs.10,000 a day in 1983. The figure now, according to owner Rajendra Hinduja, is in the region of Rs.1 lakh.*
- *The Delhi-based Intercraft Ltd, which owns the Intershoppe casual wear retail chain, has opened up four new stores in Bombay in the last two years. Creative Garments, Bombay-based exporters, which started the Victoria Terminus garment retail chain in October 1987, has 17 such stores all over the country now and will open four new ones in the next few months under the chain name Creative Surplus. Cliff Creations, another Bombay based manufacturer, has opened up 10 exclusive garment shops in South India in the last two years. Ambassador, a brand of formal shirts that Bata India began marketing through its shoe stores in the leading metros since last August, now sells more than 15,000 pieces a month.*

Welcome to the story of yet another facet of the 1980s consumer revolution — urban India's sartorial resurgence. Changing lifestyles have created an industry which is worth anywhere between Rs.500 to Rs.1000 crores annually. And which, many feel, will eventually help revitalise the country's textile industry.

Aditya Singh, a 30-year-old Bombay bank executive, last visited a tailor in 1981. Since then, his needs have been met by the city's burgeoning number of readymade shops. "Getting a pair of trousers stitched meant going to a fabric shop, choosing the cloth and visiting the tailor at least thrice before you got the right fit. All I do now is walk into a readymade garments shop — they have dozens of varieties to choose from, both in fabrics and fashion, and I walk out with trousers in 20 minutes flat," he says.

Timesaving isn't the only draw. Monisha Shivdasani, an 18-year-old student of Madras Ethiraj College, says, "I've been wearing readymades for the past three years. I find it definitely easier to choose my clothes when I see a wide variety before me, in terms of colours and patterns. Trial facilities are generally available and that makes buying readymades an even greater attraction."

For Arindam Ray, a 30-year-old Calcutta chartered accountant, readymades are a habit that spilled over from his college days. "They have a casual sophistication which would be difficult for a tailor to achieve," he says.

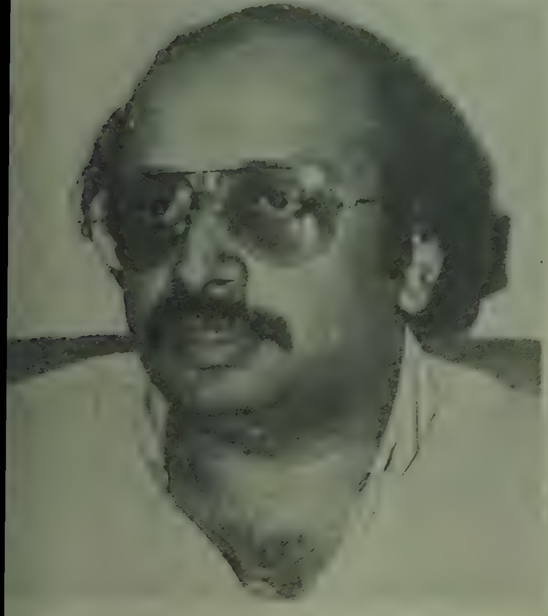
Shah : "understanding public taste"

Phenomenal growth

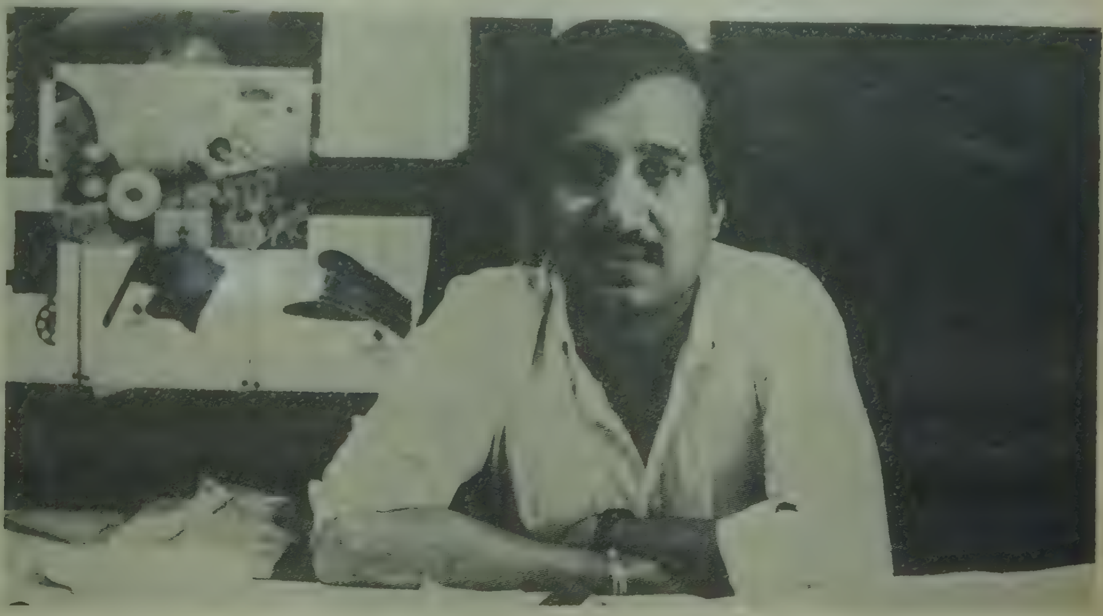
Shivdasani, Ray and Singh are part of a growing (largely urban) community that, according to estimates of the Clothing Manufacturers Association of India (CMAI), constitutes about 5 to 10 per cent of the country's population. P.N. Amersey, president of the CMAI, maintains that the market for readywear has been growing at 25 per cent a year over the past few years.

Inspired by the scenario, the government recently asked the textile committee attached to the ministry of textiles to conduct a comprehensive survey of the industry. And at the 15th National Garments Fair held in Delhi in January,

Weekender in Bombay: the cash is rolling in



Penangwalla: barely able to keep pace



Aggarwal of Creative Garments: exporters make the market

union textiles minister Ram Niwas Mirdha even mooted the idea of mass producing 'Janata' shirts that could be sold at very low prices in rural outlets.

The race is on within the industry to grab slices of this burgeoning readywear market. "We thought we should get our foot in before its too late," says R.H. Batliwalla, vice-president (marketing) at Bombay Dyeing, which after a hiatus of more than a decade re-entered the garments market with its Vivaldi range of shirts last year. Launched initially in the south, over 100,000 of these shirts have been sold so far, and will go national soon.

Garden Vareli, which quietly launched its Vareli shirts two years ago, introduced the Ms Vareli range of women's wear four months ago. According to Shilpa Shah, a director of the company, the division was able to achieve sales of Rs.5 crores in 1988, despite the lack of publicity. "Getting into the garment industry was a natural extension for us," she says. "For years we have been supplying fabrics to other manufacturers and so we thought why not take advantage of the fact that, per metre, value added margins are higher on readymades than fabrics." The idea of the low key approach was "to understand public taste". Shah says, "We feel that we are now ready with our range, and very shortly you'll see us everywhere."

Despite the entry of the textile giants, however, the garment industry is still dominated by small and medium scale manufacturers and one large company — Raymonds. The small scale manufacturers like Cliff Creations, and Charagh Din are responsible for creating the market in the eighties

Creative's Parel factory: small companies dominate

Close on the heels of these two textile giants came Aditya Birla's Grasim Industries, formerly Gwalior Rayon. Backed by a barrage of publicity, the company launched its range of high priced shirts and trousers in the middle of last year. And not to be left behind are the Mafatlals. Says Bilin K. Sen, chief executive of Mafatlal Apparel Company, "We are already selling garments worth about Rs.1 crore in the domestic market, but we now feel that conditions have changed remarkably and it calls for a renewed thrust on our part."

Ready infrastructure

Apart from the highly visible change in sartorial taste, two other important considerations seem to have lured these textile manufacturers into the garments field. First, the existing manufacturers are voracious consumers of fabrics from reputed mills for the former's upmarket ranges of clothes. So, why not make captive use of these established fabrics? Sec-

Hinduja of Warehouse: maintaining standards

ond, and more important, the huge marketing setups developed by these mills over several decades could be put to excellent use here. Besides well-established brand names, the companies have at their disposal a large number of retail and franchisee shops. Garden for example has outlets in 120 cities countrywide. Similarly, Mafatlal has over 300 retail shops and Raymonds 250.

In fact, it was this inherent marketing strength, that influenced Bata India to get into garments. The company currently has over 1,200 stores all over the country selling just shoes. In August last year, the stores in the four metros began selling the company's Ambassador range of formal shirts. And in October 1988 they began marketing the North Star range of denim wear. The garments are being manufactured by Inmark Brands, Murjani's Indian associates, under the Bata brand name. "Our range of jackets, jeans, shirts and skirts are doing much better than we expected," says Jaswant Singh, manager of the North Star garment division. "We hope to achieve a turnover of around Rs.30 crores within three years." Later this year, Bata will also introduce the Adidas range of casual wear and the Tommy Hilfiger range of upmarket formal wear.

Despite the entry of the textile giants, however, the garment industry is still dominated by small and medium scale manufacturers and one large company — Raymonds. The latter, through its fully owned subsidiary, J.K. Bombay Ltd, and small scale manufacturers like Cliff Creations, Double Bull, Creative Cotton and Charagh Din are in fact primarily responsible for creating the market for readymades in the eighties. J.K. is actually a leftover from the early seventies when a similar boom was stifled by an overnight increase in excise duty, while the rest are mainly an outcome of the eighties consumer boom.

"Second coming"

"In a sense this is the second coming of the industry," says Bilin Sen. In the early seventies, the readywear market — till then the preserve of small scale manufacturers like Liberty, Armour and Bonds — saw a flood of large companies trying to enter what they thought was a market with potential. Besides Raymonds, with their Double Barrel range, others who jumped into the fray included Mafatlals, Bombay Dyeing, Tatas, Calico, Binny and DCM. But even before they could get a feel of the market, Y.B. Chavan, the then finance minister, imposed a 10 per cent ad valorem excise duty on finished goods, which nipped the large companies' ambitions in the bud.

Jalal of Wrangler (India): cashing in on foreign labels

While the Mafatlals successfully switched to exports and Raymonds limped along, others shut shop and got back to what they did best — making fabrics. Liberty, Armour and Bonds, which were outside the excise ambit, continued their domination of the market. However, this did not continue for long. Towards the late seventies, while Liberty was beset by problems of infighting between the owners, Armour mysteriously lost its marketing edge, and Bonds found exports a much more lucrative option.

Around the same time, at the turn of the eighties, there were other small manufacturers who nurtured ambitions of making it big. They realised the importance of a national identity and went on a publicity blitzkrieg, which gave the industry a fresh lease of life. Amongst the first was Charagh Din. Says Sen, "Charagh Din created a different kind of customer response with their national advertising."

Charagh Din's performance was matched only by Double Bull, a company started by Ram Thadani, an ex-Liberty man. While Charagh Din sold its CD brand of shirts only from one outlet in Bombay, Double Bull went national, selling its products through exclusive shops. Charagh Din's sales are reportedly in excess of Rs.1 lakh a day currently and Double Bull's turnover is estimated by industry sources to be in the region of Rs.8 to Rs.10 crores annually.

"Virgin territory"

In 1981, 25-year-old Ahmed Penangwalla set up a small tailoring unit to make shirts that could be sold in his family shop called Cliff Collections, in Bombay. The initial success encouraged him to sell his shirts to other retailers in the city and later in other parts of the country as well. "I found that there was no one except Double Bull selling garments in the domestic market on a national scale," he says. "The all-India market was virgin territory and it didn't take us much time to establish our name."

Penangwalla's factory at Parel, set up in central Bombay in 1985, employs 200

people and now produces up to 1,000 shirts a day besides 350 trousers and 1,500 T-shirts. "The market is growing at a phenomenal rate and we are not able to keep pace," he claims. In the last two years he has also franchised ten stores and three more are coming up in the next few months. Annual sales of Cliff is now in the region of Rs.10 crores.

The year 1981 also saw the revival of J.K. Bombay. The success of small-timers obviously inspired the company to make a comeback with widespread national publicity. However, the experience with its first range of products under the Legwear brand name was not very encouraging. Backed by its huge advertising campaign, the company went into large volume business from day one. Work was sub-contracted to smaller independent units. But this proved to be disastrous, as the manufacturers could not meet delivery schedules and slipped on quality. By 1985 it was not profitable to continue with the Legwear line and the product was given a burial. "But we achieved a national name for ourselves," says V.K. Bhartia, executive director of J.K. Bombay.

Learning lessons

In 1986, the company launched its Park Avenue range of readywear. Learning a lesson from its earlier mistakes, the company contracted only four independent units to make the products, all wholly dedicated to the company. This ensured quality as well as adherence to delivery schedules. The product range which consists of formal trousers, shirts, jeans, kurtas and even perfumes and shampoos has proved to be a runaway success, notching up sales of over Rs.20 crores last year.

A wide variety of choose from

Around 1980, with the domestic market opening up, reputed exporters like Zodiac, Creative Garments, Intercrafts, Milton, and Gokuldas Exports, found themselves in a vantage position to move in from. Says Vijay Aggarwal of Creative Garments, "In fact I'd say that we (exporters) are primarily responsible for making casual attire a household name in urban India in the eighties. We had gained considerable experience in making these kind of clothes for the advanced, fashion-conscious markets abroad. And we used this experience to create a market for similar products in India." Adds Rajendra Hinduja of Wearhouse, "Since the same staff is engaged in our factories for the manufacture of garments both for exports and the domestic markets, there is no difference in quality and standards are maintained."

Cutting patterns: the factory never had it so good

With so many people in the field, the competition is hotting up. Bhartia of Park Avenue maintains that "now we have reached a stage where one won't be able to afford the much-needed advertising backing if the turnover is less than Rs.3 to 4 crores nationally." One way of skirting this problem is to hitch on to brands that are already established internationally. The success of this strategy has been demonstrated by Wrangler Jeans. A.K. Jalan, whose family owned Elphinstone Mills — taken over by the government in 1983 — worked out a deal with Wrangler in December 1987, claims, "I was hoping to sell 15,000 pairs a month when we started out. Now we are overutilising our monthly capacity of 25,000 pairs at our factory in Goa and still cannot meet the demand."

Famous names

Following Wrangler, the British brand of Van Heusen shirts was introduced last year by Metropolitan Trading Company, which makes the Zodiac brand of formal wear. And subsequently the Italian Benetton brand was brought in by Dalton Fashion, a Bombay-based firm of exporters and Louis Phillippe Designer Label by Madura Coats. In the pipeline are other famous names like Rod Laver, Vanderbilt, Gianni Versace, Adidas and Puma.

All in all, the readywear industry has never had it so good in this country. According to rough estimates, only about 8 to 10 per cent of the fabric produced by the textile mills presently goes into the making of readywear. The powerloom sector remains the major source. But the fact that larger mills are seriously looking at garments as a potential growth area gives the industry a new dimension.

In Bombay's Lower Parel, traditionally a textile industry area, where most of the larger mills are either shut down or are working much below their capacities, the readywear units are running machines to full capacity and more. More than a hundred such units situated here employ about 50,000 workmen. Whoever said that textiles is a sunset industry in this country?

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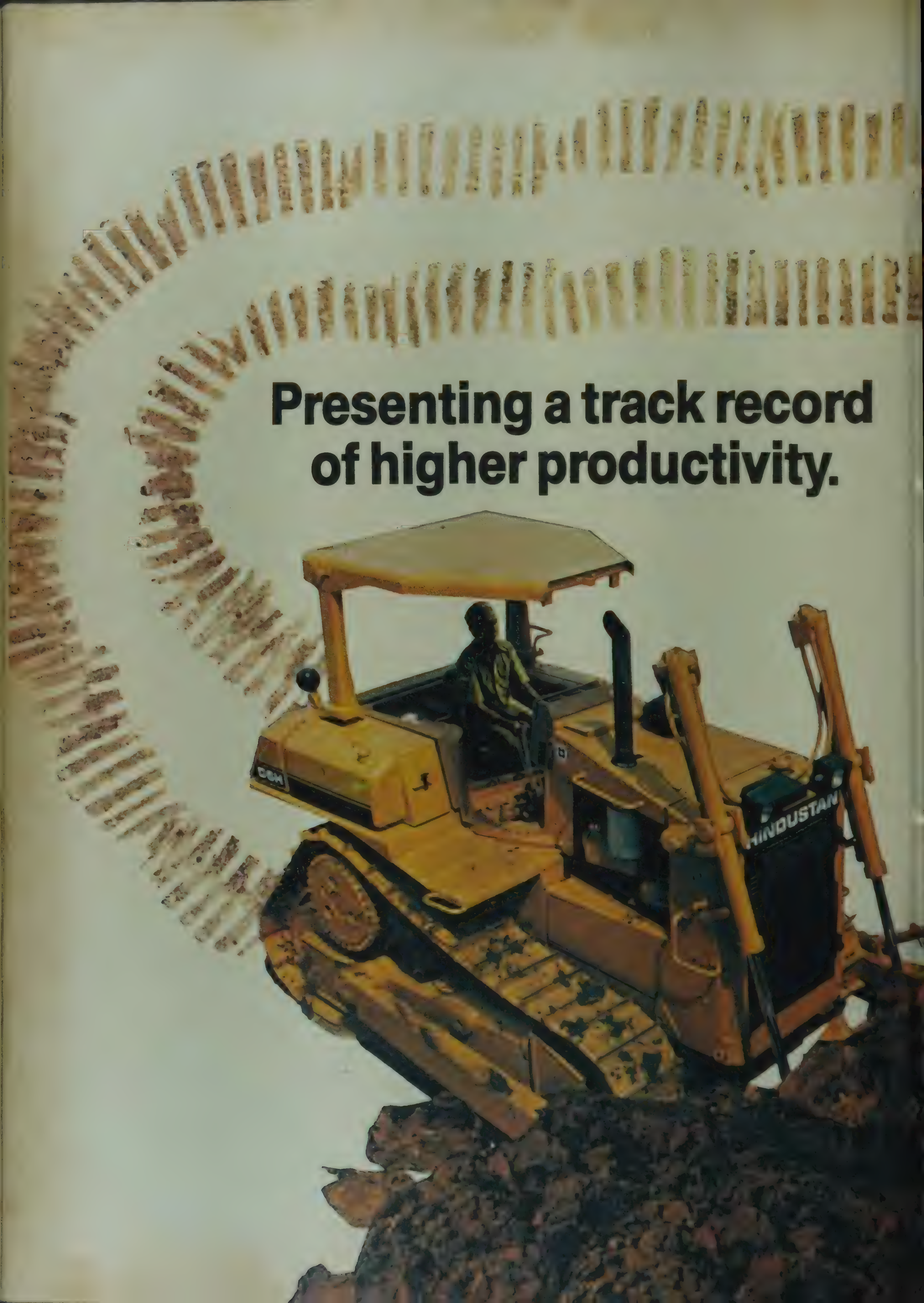
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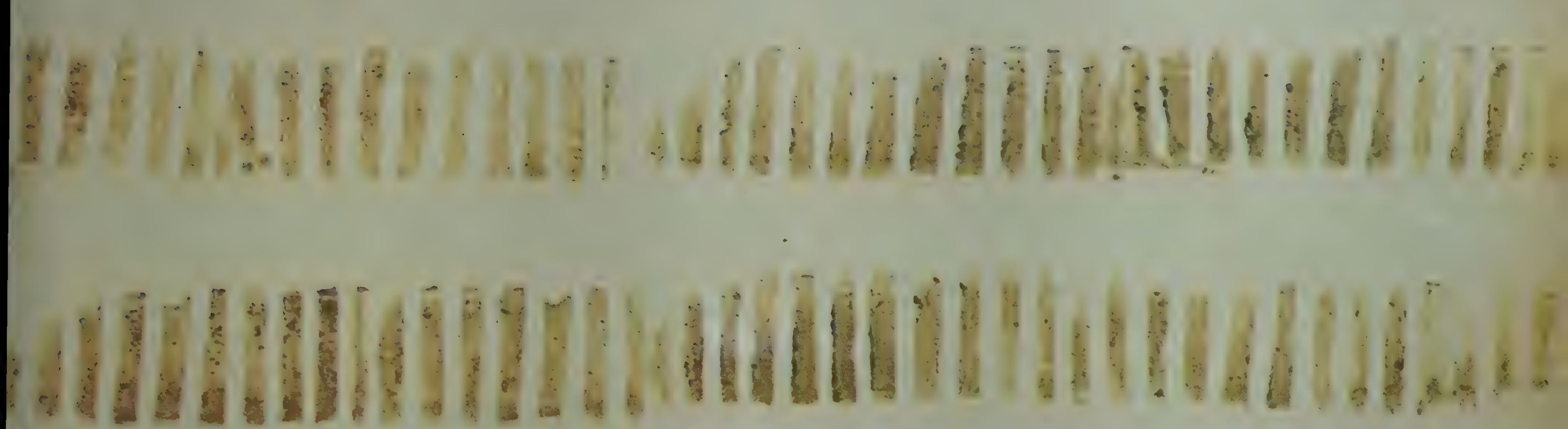

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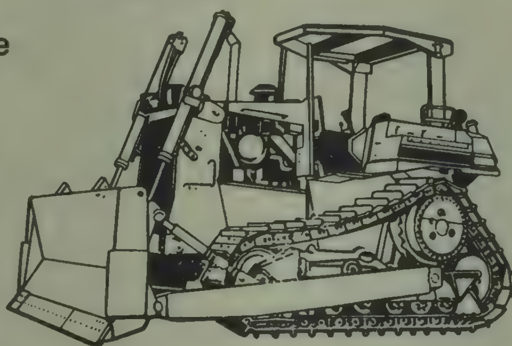

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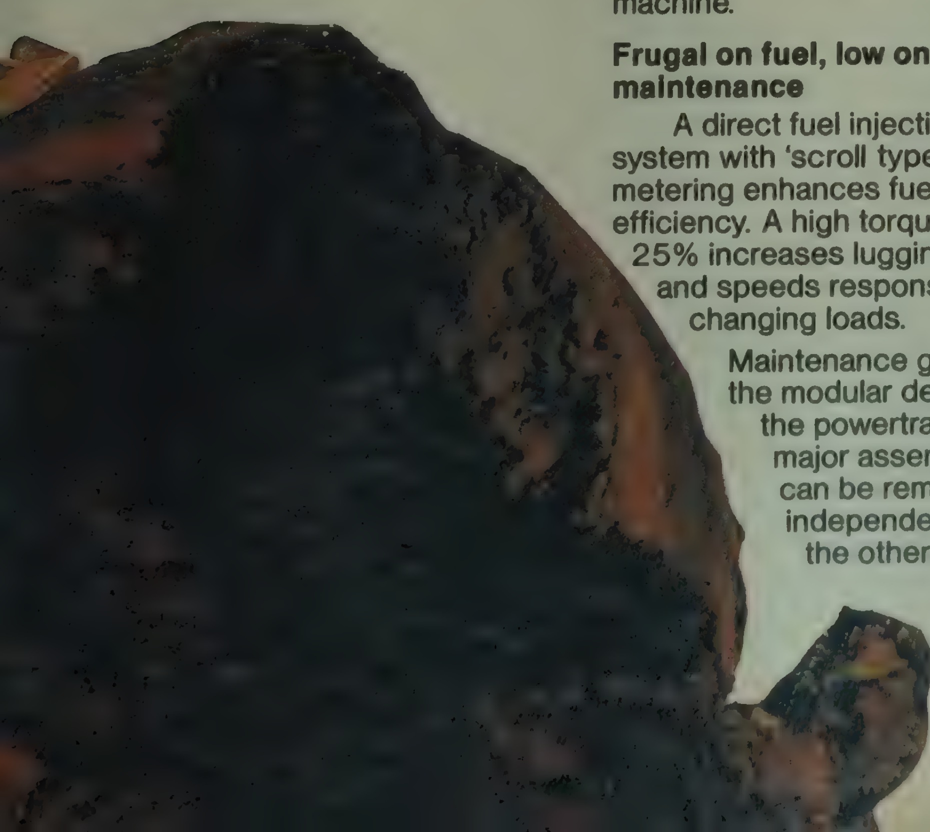


Winds of change

Ports in Europe and the US are bywords for efficiency. In Rotterdam port in Holland, for example, ships dock, unload/load in four to five hours. Indian ports, by comparison, present a very sorry picture. The average turnround time at Calcutta port in April-November 1987-88 was 12.2 days, at Bombay 12.4 days and the other ports 8.4 days. Labour, which is yet to appreciate the need for fast cargo clearance, resists modernisation efforts.

Rajesh Pilot, minister for surface transport, is chalking out a programme of modernisation and diversification of labour to other jobs. As he puts it, "You really can't continue with traditional methods of handling cargo when you have to compete with international shipping." In the same breath, he adds, "I am not saying that we will remove all surplus labour and use machines instead."

Uniform assessment

In June 1988, when the government decided to introduce a productivity linked bonus scheme for port and dock workers, trade unions insisted that assessment should be uniform at all ports. This is a difficult task because a container handled at the relatively modern Madras port by five workers requires 22 at Bombay port. Even so, the ministry has agreed to the unions' demand, and a uniform assessment of productivity of port and dock workers is expected to be completed by March 1989. It is only then that the trade unions will be brought to the negotiating table.

Indian labour has, at least in the organised sector, come to terms with the concept of modernisation. But, the pace at which it can be pushed through is a political decision and often a subject of dispute. Pilot is firm: "The pace is going to accelerate." He keeps an eye on the overhauling of the system and insists on weekly progress reports.

Pilot honestly admits that earlier inefficiency did not hurt monetarily. Profits were directly related to the increase in demurrage charges. Now, the situation has changed. The port authorities have to justify every increase in demurrage charges. A committee comprising of representatives of the ministry, port trustees, the chamber of commerce, shippers and labour meets every week to thrash out such issues. This has eliminated corruption ("misappropriations" as Pilot calls it) from the system, and brought in accountability. The days when the writ of the port chairman was final, are now over.

Within the ministry, Pilot has initiated a system of 'open house' meetings between senior officials and shippers. Held every three months, the 'open house' session involves the shippers "shooting questions at the bureaucrats", who have to justify their actions and shortcomings. "And I get to know who is bluffing whom," says Pilot.

Pilot: accelerating the pace

Earlier, shippers were wary of complaining against bureaucrats because the officials would harass them later. Ever since the open house sessions started, shippers are getting bolder. The meetings have also eliminated a lot of paper work.

Measures have also been taken to delegate greater powers to the port trusts. Increased financial power has been entrusted to port trust chairmen who are discouraged from ringing up the ministry for petty matters. Port trusts at Bombay, Calcutta and Madras can sanction schemes up to Rs.4 crores against the previous limit of Rs.1.5 crores. The limit of other ports has been raised to Rs.2 crores from Rs.75 lakhs. "For small things, the chairmen of ports must be allowed to take a decision. I plan to delink the ministry from the day-to-day operations of the ports," says Pilot.

Pilot has firmly set his sights on developing Nhava Sheva as a modern port on the lines of Rotterdam — an example for others to emulate. This will be a totally modern port where "two persons will handle a container". Pilot rules out the chances of trade unions interfering with the plan.

The first of Nhava Sheva's six berths is expected to be commissioned in May 1989 and will have a capacity of 5.9 million tonnes. Its budgeted cost of Rs.506 crores has gone up to Rs.870 crores chiefly on account of foreign exchange fluctuations, additional statutory levies and price escalation. Financial assistance has been provided by the World Bank ($ 250 million), of the Netherlands (NGL 30.027 million) and the Saudi Fund for Development (SR 141 million).

With an outlay of Rs.995 crores for ports' development in the Seventh Plan, Pilot feels that the expected full capacity utilisation of 140 million tonnes in the current year (from barely 105 million tonnes in 1986) would be an achievement. "We have done this through a combination of modernisation and higher labour productivity," says Pilot. Even so, all-round expansion of the ports sector is imperative in the Eighth Plan to cope with the increasing traffic, which is expected to grow by leaps and bounds. Financial constraints may make the going all the more difficult.

ANOOP SAXENA

Kalyani Steels

iberal bonus; dividend hiked; modernsation and upgrading of technology progressing; capacity doubled

Kalyani Steels continues to live upto its promise made at the time of going public by repeating its good performances. For the year ended 31 August 1988, the shareholders have been more than handsomely rewarded with a maiden liberal bonus issue in the ratio of 1:1, a dividend of 85 per cent (previous year: 50 per cent), which makes it the highest ever dividend paid by any fully owned Indian company listed on the stock exchange.

Although the turnover is up 16 per cent at Rs.49.93 crores, the increased sales has been from better sales realisation at Rs.11,879 per tonne (Rs.11,484) rather than volume. The production of steel ingots has increased by 1,121 tonnes at 39,853 tonnes against an installed capacity of 36,000 tonnes. The company has sold 37,677 tonnes (35,531) and closed with a stock of 1,572 tonnes (1,862 tonnes) carried forward.

The operational performance is not that exciting. The operating profit has moved up marginally by 5 per cent to Rs.9.54 crores. The increase of Rs.1.10 crores in other income, and sales tax refunds of Rs.88 lakhs (Rs.5 lakhs), has arrested the negative growth of the profitability line.

Year ended 31 August	1988	1987	% change
			(Rs crores)
NET SALES	46.77	41.45	13
OTHER INCOME	1.56	0.45	
EXCISE DUTY	1.65	1.36	21
RAW MATERIAL COST	18.71	16.33	14
EMPLOYEES COST	2.69	2.27	18
OTHER EXPENSES	19.33	14.90	30
INTEREST	2.10	1.80	16
GROSS PROFIT	7.44	7.28	2
DEPRECIATION	2.14	2.05	4
TAXATION	1.70	1.70	2
PROFIT AFTER TAX	3.60	3.53	
EQUITY	1.12	1.12	
RESERVES & SURPLUS	11.43	8.76	
GROSS BLOCK	20.78	15.71	
DIVIDEND (%)	85.00	50.00	
MARKET PRICE (Rs)			
CURRENT	600.00		
1988: HIGH	610.00		
LOW	227.00		

The company's borrowings by way of cash credit stands at Rs.1.12 crores (Rs.64 lakhs) while unsecured loans have almost doubled at Rs.6.58 crores (Rs.3.34 crores). But gross profit is up by 2 per cent. However, profit margins are under pressure with gross and net margins falling to 15.90 per cent (17.56 per cent) and 7.69 per cent (8.51 per cent), respectively.

In fact, the profitability of most mini steel units has been affected due to shortage of imported steel scrap (the major raw material) and their escalating prices. The international prices have shot up by 67 per cent from April 1987 to $ 200 per tonne at present, even the customs duties imposed has increased by 5 per cent in the 1989-90 budget. Kalyani imported raw materials valued at Rs.1.01 crores (Rs.0.61 crores) during the year. Inventories have almost doubled to Rs.8.52 crores (Rs.4.35 crores) of which raw materials account for Rs.4.54 crores (Rs.1.07 crores).

The auditors' report contains a few qualifications — disputed octroi duty levied by Pune Municipal Corporation for this year amounts to Rs.63 lakhs. The total unprovided disputed octroi as on 31 August 1988 amounts to Rs.2.13 crores. The net profits for the year is higher by Rs.30 lakhs as a result of this and aggregate increase in reserves and surplus by Rs.1.01 crores (net of tax). Kalyani's gross block has increased by Rs.5.07 crores on account of modernisation and commissioning of ultra high power furnace in the last quarter of the year.

The installation of electro-slag refining facility and continuous casting unit to further modernise and upgrade manufacturing technology is also progressing. The current year will comprise 7 months ending 31 March 1989, and with the capacity doubled to 72,000 mt the prospects of the company holds good.

Siemens

Lower provisions; dividend maintained on enlarged capital; entering the software market; new joint venture equity participation

Siemens has improved its performance following the increase in sale of its conventional products like switchgears, electric motors and generators.

Although, the orders booked have increased notably by 26 per cent at Rs.255.60 crores, the income from sales and services, has gone up by only 12.4 per cent as the company's electronics factory at Nasik achieved its normal production rhythm only in the later part of the current financial year.

Notwithstanding higher sales, profit margins continue to remain under pressure. The gross margins have declined to 9.3 per cent (9.5 per cent) largely because of the higher wage bill following the new wage agreement which entails an additional cost burden of Rs.3.4 crores. This has increased by nearly 21 per cent and offsets the gains achieved from controlled cost, which in relation to sales has dropped to 59 per cent (62 per cent) and the lower interest burden in the wake of increased funds from a rights issue made during the year.

Despite the fresh capitalisation of Rs.17.5 crores to the gross block, depreciation charge is lower due to the change in the rates announced by the government. This has increased the pretax profit by 26 per cent at Rs.12.01 crores. The lower depreciation charge coupled with a lower effective tax rate of 43.6 per cent (45.5 per cent) of the pre-tax profit has arrested significant deterioration in the net profit. The widening of the capital base by a rights issue has however brought down the average earnings per share to Rs.3.27 (Rs.3.85).

Even so, the directors have maintained

Year ended 30 Sept	1988	1987	% change
			(Rs crores)
NET SALES	223.04	198.44	12
OTHER INCOME	16.39	15.55	5
COST OF SALES	132.00	121.30	9
RAW MATERIAL COST			
EMPLOYEES COST	45.92	37.98	21
OTHER EXPENSES	35.87	29.82	20
INTEREST	6.27	7.26	−13
GROSS PROFIT	20.65	18.81	10
DEPRECIATION	8.64	9.26	−7
TAXATION	5.24	4.35	20
PROFIT AFTER TAX	6.77	5.20	30
EQUITY	20.77	13.50	
CAPITAL SUSPENSE	—	29.07	
RESERVES & SURPLUS	58.33	33.08	
GROSS BLOCK	91.24	73.73	
DIVIDEND (%)	16.00	16.00	
MARKET PRICE (Rs)			
CURRENT	84.00		
1988: HIGH	116.00		
LOW	56.00		

the dividend at 16 per cent on the enlarged capital base. The higher dividend outgo absorbs 49 per cent (41.5 per cent) of the net profit.

The company has entered the area of industrial electronics with plans to increase its presence in electronics, telecommunications and automation. A "software centre" has already been established at Bombay to tap the growing software package export market, besides, catering to its own requirements.

Siemens joint venture company Webel Telematic set up in collaboration with West Bengal Industry Development Corporation has bagged a major order for the manufacture of 1,000 electronic teleprinters from Mahanagar Telephone Nigam Limited. It also has a 49 per cent equity participation in the new joint venture company, Delted Systems Pvt Ltd formed along with ATEA, Belgium and Delton Cables, New Delhi for the manufacture of electronic private automatic branch exchange (EPABX).

Siemens has a healthy order backlog of Rs.182 crores (Rs.148.4 crores) at the beginning of the current year.

Apollo Tyres

Maiden dividend; raw material scarcity major problem; expansion cum diversifications; company prospects promising

A member of the Raunaq group, Apollo Tyres is poised for rapid growth in the tyre industry. The company is a turnaround case that faced persistent labour problems. Until 1985-86, it did not seem like a viable project, even though it started generating profits from 1984-85.

In the year under review, although the turnover is up by just 5 per cent at Rs.155.57 crores, the company has declared a 12.5 per cent final dividend which together with the interim comes to 25 per cent for 1988. Incidentally this makes it the maiden dividend declared by Apollo. Other income has almost doubled with a major chunk of Rs.2.62 crores (Rs.1.69 crores) coming from interest and income from investments. The investments made by the company have increased by 71 per cent at Rs.16.78 crores.

The tyre industry has been facing problems of scarcity of basic raw materials like Nylon tyre cord, polybutadiene rubber and carbon black. Apollo has not only been a victim of shortages, but has also witnessed severe power cuts in Kerala disrupting production, thereby affecting profitability. Both gross and net margins have fallen to 16.88 per cent (17.26 per cent) and 13.20 per cent (13.37 per cent) respectively. But the sharp decline in depreciation provision has resulted in inflated profits, nevertheless the higher tax liability has maintained the bottom line.

(Rs crores)			
Year ended 31 Oct	1988	1987	% change
NET SALES	112.01	107.38	4
OTHER INCOME	3.54	1.84	92
EXCISE DUTY	40.02	38.80	3
RAW MATERIAL COST	65.03	58.15	12
EMPLOYEES COST	6.37	5.69	12
OTHER EXPENSES	19.17	18.49	4
INTEREST	6.46	5.31	21
GROSS PROFIT	18.91	18.54	2
DEPRECIATION	1.62	4.02	−60
TAXATION	2.50	0.16	
PROFIT AFTER TAX	14.79	14.36	3
EQUITY	8.40	7.75	
RESERVES & SURPLUS	34.39	24.66	
GROSS BLOCK	84.36	79.47	
DIVIDEND (%)	25.00	NIL	
MARKET PRICE (Rs)			
CURRENT	68.00		
1988: HIGH	86.00		
LOW	22.00		

Despite sufficient scope for expansion of existing facility in Kerala to accommodate a second plant, the company plans to move to Gujarat. Apart from Kerala being a labour sensitive state, the benefits extended by the state government in Gujarat for new undertakings is a more enticing reason for the shift. One of the major reliefs is the sales tax benefit for 12 years, both for sales as well as purchases of raw materials in the state. The new plant is to cost Rs.130 crores with an installed capacity of 5 lakh tyres which would be subsequently increased to 15 lakh tyres within phases. The company has already acquired interest in Gujarat Tyres Ltd for implementing an industrial licence to manufacture automobile tyres and tubes. It also holds a letter of intent for a tyre plant in Punjab to make one million tyres per annum. In order to implement the Rs.130 crores project the company will have to approach the capital market. The company has added Rs.11 crores from the year's profit to general reserves, but still the debt to equity ratio is high at 1.07:1, this will force the company to tap the capital market for fresh funds.

The plans for diversification activities are in the field of oil and gas pipeline laying. For this, Apollo has entered into a collaboration with Spie Capag, France with a 60:40 equity participation in the joint venture company.

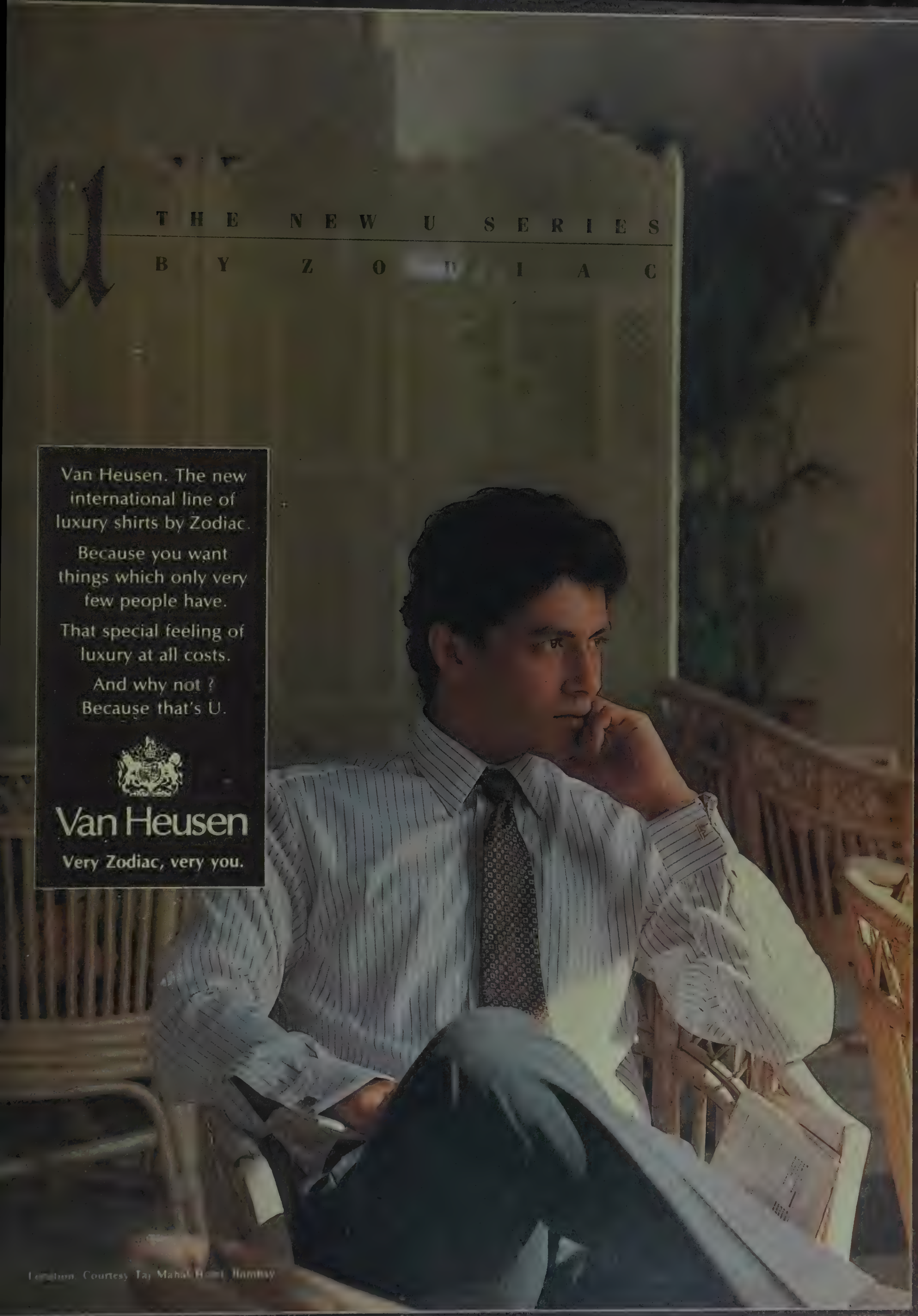
Hindustan Construction

Returns to dividend list; overseas contracts possible; new agreements entered in addition to renewal of technical collaboration

Hindustan Construction Company (HCC), the 63-year-old company of the Walchand group, has turned the corner and earned a marginal net profit of Rs.22 lakh in sharp contrast to the loss of RS.3.47 crores incurred the previous year and Rs.1.95 crores in 1985-86. The return to the dividend list after a lapse of two years was made possible by drawing from the reserves which has dwindled to Rs.16.73 crores, from Rs.20.57 crores a couple of years back.

Despite the depressed conditions prevailing in the construction industry and the virtual stoppage of lucrative orders from the Middle East the company has been able to increase its receipts. The value of work done overseas has more than halved at Rs.2.45 crores (Rs.5.32 crores) with no new contracts secured

(Rs crores)			
Year ended 31 July	1988	1987	% change
NET SALES	123.34	98.85	25
OTHER INCOME	0.89	2.22	−60
RAW MATERIAL COST	77.40	54.82	41
EMPLOYEES COST	28.42	29.24	−3
OTHER EXPENSES	6.65	6.27	6
INTEREST	6.58	9.29	−29
GROSS PROFIT	5.17	1.45	256
DEPRECIATION	4.95	4.92	
TAXATION	—	—	
PROFIT AFTER TAX	0.22	(3.47)	
EQUITY	6.30	6.30	
RESERVES & SURPLUS	16.73	17.11	
GROSS BLOCK	64.45	65.79	
DIVIDEND (%)	9		
MARKET PRICE (Rs)			
CURRENT	17.50		
1988: HIGH	17.00		
LOW	4.00		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during the year. Nevertheless, the company's future prospects to bag overseas contracts has brightened with the end of the Gulf war.

The 23 per cent higher turnover has enabled the company to absorb the mounting overheads from idle machines and maintaining of a huge labour force. The company has also reduced its interests costs following the large repayments of interest bearing loans. The total borrowings have been reduced to Rs.55.91 crores from Rs.71.10 crores. To trim the surplus labour force, HCC has initiated a voluntary retirement scheme, which has met with a positive response, as evidenced from the drop in the wage bill which has given the company a new look. The total order book position of the company as on 30 November 1988 is valued at Rs.212.18 crores.

Meanwhile, the company has renewed its technical collaboration agreement with Taisei Corporation of Japan for execution of the underground tunnel work for the Metro Railway Project, Calcutta. It has also entered into consultancy agreements with Geoconsult of Austria for the tenders submitted by HCC for the construction of a tunnel between Sewri and Futkatank, Bombay, as also with with Bureau BBR International Ltd, Switzerland for the company's tender for superstructure design and construction of the Godavari Bridge — III, Andhra Pradesh.

TRENDS

Gujarat Steel Tubes

The company has performed badly in the first half of the current year. Sales are 31 per cent lower than the corresponding period last year, which has affected margins. The scarcity of its major raw material, hot rolled coils, has led to increased prices. As a result, the company had to shell out 87 per cent (73 per cent) of the net sales towards raw materials costs.

Such high raw materials cost, leaves very little room for the company to improve profitability. Besides, the production is constrained because of scarcity of inputs.

The company can take some solace from the statement made by minister of steel and mines, M.L. Fotedar, in the Lok Sabha, in July 1988 that 200,000 tonnes of hot rolled coils would be imported by MMTC (the canalising agency) to meet the shortage faced by steel tube makers. He further stated that consumers will not have to wait for 8 months for supplies. After registering their demand, it would be met every quarter.

Another encouraging feature is the fact that the country's hot rolled coils production in the first quarter of 1988-89 has shot up by 51 per cent to 404,000 tonnes.

			(Rs crores)
Period ending	30 Sept 1988	30 Sept 1987	31 Mar 1988
NET SALES	53.22	40.65	97.89
OTHER INCOME	0.35	0.08	0.22
TOTAL INCOME	53.57	40.73	98.11
RAW MATERIAL COST	46.62	29.84	77.57
SALARIES & WAGES	2.37	2.10	4.31
OTHERS	1.33	5.74	9.08
OPERATING PROFIT	3.25	3.05	7.15
INTEREST	2.21	2.15	4.10
GROSS PROFIT	1.04	0.90	3.05
DEPRECIATION	0.69	0.67	1.33
TAX	—	—	0.12
NET PROFIT	0.35	0.23	1.60
OP/SALES (%)	6.10	7.50	7.30
RM/SALES (%)	87.59	73.40	79.24

Eskayef

The company's sales have registered a substantial increase (31 per cent). However, higher expenses (increase in raw materials cost) have reduced margins by 2 per cent. Net profit is 34 per cent higher.

			(Rs crores)
	Latest 30 Nov 88	Corresponding 30 Nov 87	Full year ending 30 Nov 87
NET SALES	46.92	35.85	62.77
OTHER INCOME	0.57	0.76	1.23
TOTAL INCOME	47.49	36.61	64.00
RAW MATERIALS COST	12.42	9.02	16.51
SALARY & WAGES	2.28	1.99	3.90
OTHER EXPENSES	25.55	19.44	33.27
OPERATING PROFIT	7.24	6.16	10.32
INTEREST	0.17	0.05	0.05
GROSS PROFIT	7.07	6.11	10.27
DEPRECIATION	0.23	0.38	0.72
TAX	2.45	2.46	3.76
NET PROFIT	4.39	3.27	5.79
OP/SALES (%)	15.43	17.18	16.44
R.M. SALES (%)	26.47	25.16	26.30

The company has introduced Ridura, auranofin oral gold capsules, for treatment of rheumatoid arthritis.

The marketing of disposable syringes and manufacture of scientific and research instruments will comprise significant diversification projects of the company. According to the chairman, the company is also considering the manufacture of vaccines and diagnostic reagents. It is also studying the project for manufacture of Pencillin G, a bulk drug.

Deepak Nitrite

The company has extended its year end to March 1989. The company has performed exceedingly well; profitability has improved. As a result the margins have jumped up to 25.98 per cent (18.96 per cent).

The sales were higher by only 18 per cent but the company has kept a tight control over costs, resulting in increased productivity.

It is encouraging to note that the interest burden is steadily coming down thus allowing higher provisions. Tax provision had to be raised, because of higher profits. Such encouraging performance has allowed the management to announce an interim dividend of 16 per cent for the extended year.

It may be assumed that the production of two new items guanidine nitrate and hydroxylemine sulphate, seem to have added to profitability. Both these import substitute products are developed in its in-house R&D which are also value added drug intermediates.

The company has decided to invest Rs.10 crores in the convertible deben-

			(Rs crores)
Year ended	Apr-Oct 1988	Apr-Oct 1987	Oct 88
NET SALES	14.59	12.34	23.57
OTHER INCOME	1.60	1.07	1.78
TOTAL INCOME	16.19	13.41	25.35
RAW MATERIAL COST	7.36	6.45	12.33
SALARIES & WAGES	1.44	1.25	2.37
OTHERS	3.60	3.37	6.29
INTEREST	0.79	0.93	1.72
GROSS PROFIT	3.00	1.41	2.64
DEPRECIATION	0.85	0.78	1.48
TAX	0.75	0.11	0.19
NET PROFIT	1.40	0.52	0.97
O.P./SALES (%)	25.97	18.96	18.50
R.M./SALES (%)	50.44	52.27	52.31

tures issue of its associate company Deepak Fertilisers and Petrochemicals Ltd.

Meanwhile, the company has received a LOI for diversification into manufacture of 12,000 tpa nitro-aromatic, 3000 tpa aromatic amines, 1000 tpa nitrated esters and 1500 tpa metanilic acid. These programmes would entail an investment of Rs.50 crores.

The company's second concentrated nitric acid plant with a capacity of 3000 tpa in Baroda has been commissioned. This has increased its total capacity to 6000 tpa.

Jindal Strips Ltd

The company has announced excellent results for the first half ended December 1988 with an 82 per cent increase in turnover to Rs.77.48 crores. Despite higher raw materials costs at 75 per cent (67 per cent), operating margins have declined only by one per cent.

The interest expenses have increased but other expenses are under control. Thus profits at net level are almost double at Rs.3.69 crores. The installation of captive diesel generating sets ensured higher production at the Hissar unit.

The wide range of cold rolled strips produced in the Bombay unit are finding a growing import substitution market.

The company's modernisation-cum-expansion programme currently under implementation (cost: Rs.30 crores) will eventually double the gross fixed assets. The company also plans to diversify into the exports market. Indications are that the second half will bring in higher sales volume and quantum profits.

(Rs crores)

Year ended	31 Dec 1988	31 Dec 1987	June 88
NET SALES	77.48	42.59	99.13
OTHER INCOME	2.29	0.76	3.73
TOTAL INCOME	79.77	43.35	102.86
RAW MATERIAL COST	57.74	26.07	60.64
SALARIES & WAGES	0.79	0.65	1.67
OTHERS	12.52	11.44	28.01
OPERATING PROFIT	8.72	5.19	12.54
INTEREST	2.60	1.82	4.39
GROSS PROFIT	6.12	3.37	8.15
DEPRECIATION	1.73	1.09	2.36
TAX	0.70	0.36	0.92
NET PROFIT	3.69	1.92	4.87
OP SALES (%)	11.25	12.19	12.65
RM SALES (%)	74.52	61.21	61.17

RESULTS ANNOUNCED

Flakt India

Flakt India has logged an 11 per cent increase in sales to Rs.42.95 crores for the year ended December 1988.

Despite improved performance, the company has maintained its equity dividend at 20 per cent, absorbing Rs.68 lakhs. The gross profit has moved up substantially by 20 per cent at Rs.3.00 crores. After providing a lower depreciation of Rs.35.32 lakhs (Rs.40.04 lakhs) and also a lower tax provision at Rs.42 lakhs (Rs.62 lakhs), the profit after tax has zoomed up by 30 per cent at Rs.1.91 crores. The company's transfer to general reserves has doubled at Rs.1.20 crores.

Ennore Foundries

Ennore Foundries has reported improved performance for the year ended December 1988. This was achieved by the support of the Hinduja group and IVECO, Fiat group, of Italy, who jointly acquired the NRI holding of the Rover group. With the sales up by 22 per cent at Rs.48.92 crores, the company has hiked dividend by 2 points to 18 per cent.

The profit before tax has moved up by 21 per cent at Rs.1.99 crores while the after tax profit is up by 16 per cent at Rs.1.44 crores. The production too has increased sizeably by 2,739 tonnes to 28,063 tonnes.

Continuous upgradation of technology has played an important role in maintaining the company's position in the foundry industry. The installation of a high pressure automatic short squeeze moulding plant is part of the technology upgradation programme. This plant will be in position by the year 1990. Even the company's product range and customer base has been expanded enabling it to supply castings for almost all the new generation vehicles made in the country.

Meanwhile, with IVECO assistance, Ennore is paving its way into the export market in UK and Italy.

IN BRIEF

Lakshmi Machine Works has proposed to issue bonus shares in the ratio of 1:2 capitalising Rs.2.03 crores from general reserve.

Drillco Metal Carbides has a tie-up with Hertel AG, West Germany in a technical collaboration to execute its plans to manufacture Indexable rolling systems. The company's factory at Koregaon Bhima, near Pune, will commence manufacture of the same. Hertel's equity participation in the company is awaiting government's approval.

Schrader-Scovill Duncan has achieved a 33 per cent increase in turnover to Rs.11.58 crores for the year ended December 1988. The company's automotive products witnesses a good demand in the domestic market.

Hyderabad Allwyn is all set to introduce frost-free refrigerators for the first time in the country, in collaboration with Hitachi of Japan. The company has done well in the refrigerator market, selling an all time high of 133,762 units in 1987-88.

Unity Steels has commissioned its expansion project in January 1989, whereby the installed capacity will increase fivefold to 25,000 tpa.

The company has decided to make a rights equity issue in the ratio of 1:1 at a premium of Rs.4 per share. The proceeds will be utilised for the installation of balanced equipments, R&D facilities and long term working capital requirements.

Mohan Fibre Products is installing a plant to manufacture 5,500 tonnes of paper moulded trays and containers. The plant will be located at Mubarakpur, Chandigarh, at a cost of Rs.8.75 crores.

Turkey International has decided to issue rights shares in the ratio of one for one at par. It has also decided to issue equity shares worth Rs.3.9 lakhs to employees of the company. With this the paid-up of the company will stand at Rs.152.10 lakhs. The current order book position is Rs.20 crores and is expected to increase by Rs.15 crores by March 1989.

Gujarat Propack has achieved a production of 577 tonnes of BOPP film during July-November 1988, against 353 tonnes in the corresponding period last year. The production level has exceeded the rated capacity in its first full year of production.

Haryana Petrochemicals commenced production of bright trilobal yarn, an import substitute and high value-added item. Even the spinning capacity, which is to be increased to 7,000 tpa from the existing 3,000 tpa, is likely to be completed 3 months ahead of schedule.

Tata Refractories, Belpahar, recorded the highest production during the last seven years at over 3,500 tonnes of basic bricks during the month of January 1989.

STOCKMARKET REVIEW

A Budget of good intentions

(For the period 13 to 28 February 1989)

BSE National Index on 28 February (post-budget) = 340.48, down 0.6 per cent.
BSE Sensitive Index on 28 February (post-budget) = 654.96, down 2.2 per cent.
BSE Daily Turnover Average for week ended 25 February = 46.2 crores, down 26 per cent.

The run-up to the budget was unusually quiet and listless. Unlike the booming market that preceded the budget sessions of the past three years, this time almost nothing was expected from a government that is in a financial crisis. Stock prices remained stagnant from the start of 1989. The pre-budget week-end however, saw a minor upswing of one per cent in the market's expectations as rumours of election-year reliefs — a rise in income-tax exemption limits, exempted dividends from income-tax, and removal of income-tax on corporate book profits — began circulating.

The budget gave few reliefs, but levied some taxes. As a result, the market remained practically unchanged with prices returning to pre-week-end levels.

No radical change. In real terms, the budget shows no radical change from the previous year. The government's receipts are projected to rise 10 per cent, and its expenditures by 8.5 per cent. The adjustments made for inflation, probably 8 to 10 per cent for the year, make it clear that this budget has been prepared by a government that sees the need for disciplining itself.

But does it have the will? In answer, it may be said that in the fiscal year 1988-89, the government appears to have stuck closely to its estimates and that it expects to end the year only 6 per cent over its budgeted deficit. As a percentage of national income, the deficit is projected to *fall* half per cent below the current figure of 3.3 per cent.

The capital markets during and after the budget session appeared less cheerful about the details of the budget. The most common worry concerned the excise duty hike of 5 per cent in general (specific sectors have been treated differently). The question is can the excise impost be absorbed without affecting corporate profits?

Consider the case of Colgate Palmolive. A 5 per cent rise in excise duty will raise its excise liability by about Rs.one crore. After allowing for the fact that excise is an income-tax deductible expense, this implies a reduction in earnings per share by 32 paise. When compared with earnings of Rs.13.1 per share for 1988 and a growth rate in earnings of 40 per cent per annum, the excise increase ought not to have a major impact on the share. Similarly, the earnings of Tata Chemicals will fall by 20 paise per share (1988 earnings = Rs.7.30 per share), while that of Mukand Iron will fall by 25 paise per share (1988 earnings = Rs.8.08 per share).

Are marketmen being irrational by being so bearish? For instance, fertiliser shares have fallen, but the budget (unexpectedly) maintains the subsidy for fertiliser companies. Or consider the case of the imposition of additional excise duty on two-wheelers between 50 cc and 100 cc. This measure is expected to raise Rs.26.30 crore. Yet the price fall of Bajaj Auto alone during the budget session reduced the scrip's market value by Rs.52 crore. Note that while Bajaj Auto's two-wheeler model, the M80, is affected by the new duty, it is relatively minor for the company's sales and profits.

Helps the flow. On the positive side, the budget proposes an equity linked savings scheme to be operated by recognised mutual funds (such as UTI) which will give tax deductions on the basis of net annual addition to investments. This ought to help the flow of funds into capital markets.

Further, the duty on capital goods imports has been adjusted to realise revenues that will be lower by Rs.117 crore. Cement and aluminium have been decontrolled in price and distribution. While some cement companies will suffer increased competitive pressure (the shares of ACC fell from Rs.320 to Rs.282 during the budget session), industry as a whole should benefit from this move. On the other hand, the decontrol of aluminium and an approximate 8 per cent jump in excise duty will initially raise aluminium prices (Hindustan Aluminium rose by Rs.22 to Rs.213 at the announcement). But with the large increases in public sector capacity scheduled through 1990, this industry will also be competitive benefitting the economy as a whole.

The adjustments announced in income and wealth tax rates, will reduce government revenue marginally; this did not appear, therefore to concern the market. The main worry continued to be the absence of stimulants.

A leading broker said, "Absence of good news implies a bad budget. The market P/E (the ratio of market price to earnings per share) of 12 assumed high growth in profits and an improvement in fiscal incentives. The absence of adequate incentives in the budget means that share prices will reflect only profit growth and, hence, a price-earnings multiple of 10."

One can hardly argue with reality. The overall mood at the close of the budget session was distinctly bearish. But will history repeat itself? Last March the market remained weak for a full week after the budget before recovering on institutional support. It then slackened through the end of March, closing the month where it began. Then came the boom of 1988. So far, events have seen a replay of the past. In the budget session and the immediate post-budget session, speculators have been strong sellers, and institutions have been picking up shares at lower levels. During the budget session, for example, Tata Locomotive fell from Rs.770 to Rs.735 before institutions started buying, raising the price to Rs.742.50 at the close. "Queue here for Rs.742.50," joked a broker to a speculator pointing to an institutional broker busy buying shares, "this is the place to get it."

Will the rest also be history?

■ RAFIQ DOSSANI

MULTI-TIER MARKET

Fast track to a share quote

First, the Bombay stock exchange mooted the idea of a multi-tier market. The report that it commissioned Arthur Anderson Co (AAC), Bombay, to prepare on a multi-tier market was debated, discussed and endorsed by the BSE board about a month ago. A few weeks ago ICICI, SBI Capital Markets (SBICM) and Unit Trust of India got into the act of preparing a proposal for an over-the-counter (OTC) market. In the meantime the Controller of Capital Issues (CCI), Delhi, raised the listing norms. Today, for

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nt. Phipson & Co. Ltd., Calcutta. Associate Architect: Sudhir Diwan.

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...ting securities on the stock exchanges, ...mpanies must have a minimum equity ...pital of Rs.3 crores and a minimum ...blic offer of Rs.1.80 crores.

...ojects affected. Comments D. Basu, ...anaging director SBICM, "We wanted to ...dress the question of another tier di...ctly to the government." According to ...R. Mayya, executive director BSE, "The ...TC concept was discussed by the report. ...e left it out as the burden on the BSE ...ministration was becoming too heavy." ... the meanwhile, merchant bankers are ... a flap over the CCI proposal. Says ...asu, "We have several projects with eq...ty below Rs.3 crores in the pipeline ...hich will be affected by the CCI guide...es. We have asked them to reconsider ...e matter."

Agreement is unanimous on the need ...r a multiple tier market which has been ...alt with in detail by the Arthur Ander...n report. "We are trying to move to...rds making it a quality market," says S. ...anna, partner, AAC, one of the main ...chitects of the report. "As the market ...ows mature, it is important to discour...e the volume game."

According to Basu, "It is high time, we ...lit up the main market. Splitting the ...condary markets will enable investors ... go in for issues in the second market ...ere the element of risk is higher."

Multi-tier markets have been adopted ... several countries to enable smaller ...mpanies to mobilise resources in a ...st-effective manner, to provide a chan...l for companies to eventually move to ...e main market commensurate with ...eir growth and, most important, to ...ver the cost of public issues which have ...come increasingly prohibitive. **Gradual ...ocess.** As the capital markets in an ...nomy mature and the number of listed ...npanies increase, it is inevitable that ... variance in their size, scale of opera...ns, extent of public involvement etc ...o increases. It is therefore perfectly ...tifiable not to subject all companies to ... same regulatory framework, but to ...ke their passage into the capital mar... a gradual process with less stringent ...asures initially. The multi-tier market ...ssifies the companies into broad ...ups, depending on size, marketability,

...ypically, the companies listed on the ...ond and third markets are 'young', less ...rketable but nevertheless growth-ori...ed. The extent of public involvement ...hese companies is necessarily lower ... in those which issue shares on the main market.

There are two objectives from the company's angle in a multi-tier market:

- Access to the capital market for smaller companies without the accompanying costs and obligations;
- Providing a gradual pathway to the main market, commensurate with its growth.

In India, the need for a second market cannot be ignored any longer. From 1,125 listed companies with a market capitalisation of Rs.971 crores in 1946, the numbers have grown to 5,000 and Rs.25,000 crores respectively.

An analysis by the G.S. Patel Committee of the stock exchange reveals that of 1,151 listed companies, only 109 were quoted daily, whereas 300 were quoted only once a year. Further, in the non-specified group, nearly 50 per cent of the scrips were not traded at all, while 30 per cent of the scrips were traded only during 50 per cent of the trading days.

Smaller companies with growth potential do not have ready access to public savings and there is confusion among large investors about good and average companies.

In the past, observes the report, the presence of a handful of 'market leaders' was justified, since economic activity was dominated by a few large family-managed groups and multinationals. With the Indian economy becoming more broad-based, the last decade has witnessed the emergence of several small and medium-sized companies, which have shown quick growth, often outpacing the larger groups. However, experience has shown that the smaller greenfield companies are unable to raise adequate funds from the capital market in the early stages of their development and are forced to turn to bank and institutional finance. This introduces a high degree of vulnerability to even minor changes in business commodities.

Over the years the cost of raising capital has shot up and currently it fluctuates between 7 and 23 per cent. The high cost in the marketing of securities makes the floatation of small issues of capital uneconomical.

The introduction of a multi-tier structure in India, along with other suitable infrastructural adjustments, would provide the following benefits:

- Small companies could initially go to the secondary market for raising funds.
- Floatation costs would be commensurate with the size of the issue.
- Entry and reporting requirments would be better adapted to the type and size of the company and the extent of public involvement.
- Investors would be able to make a more educated judgement on the risk/rewards of potential investments and there would be better market liquidity.

Currently the role of the managers to public issues is not formally defined. The recommendation is that all companies entering the capital market should be obliged to appoint a sponsoring broker who would be responsible to the stock exchange authorities for:

- thorough vetting of the company prior to the public issue.
- on-going liaison with company management to ensure that stock exchange rules and regulations are adhered to and company information is properly and promptly disseminated.
- ensuring that market makers are appointed.

The Arthur Anderson report has highlighted the problems of the stockmarkets. But it has not, according to many marketmen, succeeded in offering adequate solutions. Comments R. Kannan, executive vice-president, Canbank Financial Services Ltd., "The report does not deal adequately with established closely-held companies which the ministry of finance guidelines recognised three years ago when it permitted such companies to offer equity in stages to the public. This is important for improving the health of the stockmarkets."

The BSE took a commendable first step when it approved the recommendations of the AA report. The unlisted securities market (the second market in the UK) is one of the great success stories of the London stock exchange. Since it was introduced in 1980, it has become the largest source of equity capital for small businessmen in the UK. It is hoped that a similar success is repeated here in India.

■ BASUDEV DASS

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Sobhagya/98/89

ISSUE OPENS
Non Resident Indians 6TH MARCH, 1989
Indian Public 13TH MARCH, 1989

always draws a good response to equity issues. But what happens when almost 40 per cent of the board resigns after the public issue is oversubscribed several times?

The public issue of Johnmeyers Granite Ltd (JGL) for Rs.87 lakh oversubscribed 12 times on 14 December 1988, the day the issue opened. But after an eventful two-months, four prominent members of the board — A.N. Haksar, Pesi K. Choksey, Sam Maneckshaw and A.T. Picardo (an alternate director to B.V. Monterio) — suddenly resigned, an act which raises questions on the role and conduct of company boards.

New technology. JGL, promoted by T.T. John with proposals to erect a "most modern granite processing plant with sophisticated equipment" went public to raise resources "to upgrade and replace the conventional technology followed in the granite mining industry by introducing mechanised quarrying for the first time in India," says chairman T.T. John. Imported from Pellegrini Meccanica SPA, Italy the plant and machinery cost Rs.8.53 lakh (less than 3 per cent of the project cost). The cost of the project stands at Rs.2.97 crore of which Rs.2.57 crore (87 per cent) was raised as equity, the balance Rs.40 lakh was tied up as a deferred payment guarantee with Syndicate Bank. The bank has agreed in principle to grant the amount.

The promoters opted not to tap institutional finances, although the project is a 100 per cent export oriented unit (EOU) enjoying a green card status. "I have been trying to get the project going for the last six years" says John. Lack of finance and poor track record with the financial institutions ("because of my personal guarantee covered under Mysore Tools Ltd, a Bangalore-based sick unit which I promoted a few years ago") left John the only option — public subscription.

The storm started brewing even in 1988, before the public issue opened. On 10 December last year the Andhra Pradesh Granite Industries Association (APGIA) pointed out that some of the statements made in the prospectus were not correct. The APGIA allegations included doubts about the company's possession of quarries with different colours of granite and right to export raw blocks as a 100 per cent EOU, claims of a profitability of 1200 per cent, etc. According to John, "these allegations were categorically denied through a letter. The board met on 29 December 1988 and felt there was no substance in the allegations, and hence dropped the matter."

Clarifications sought. Subsequently, the Bombay stock exchange (BSE) wrote to the company and all its directors on 4 January 1989 seeking clarifications on the APGIA allegations. The board met on 12 January to finalise a reply to the BSE and the directors resolved to appoint Billimoria & Co., Hyderabad to enquire into the APGIA allegations and to scrutinise the accounts of the company from its incorporation till date.

S.B. Billimoria completed its process of fact-finding and prepared a report covering the first part of the resolution on 20 January 1989. Based upon the Billimoria report, the board felt that the allegations by APGIA were non-substantial. But unless the report on the second part of the resolution was completed, the board decided not to reply to the BSE, nor consent to the allotment of shares.

According to John, "Time was running out as the allotment had to be completed within the 60 day period." Hence he sent a reply to the BSE.

Meanwhile, the Hyderabad stock exchange had approved the basis of allotment of shares and John hastily convened an emergency board meeting on 14 February at Frankfurt to allot shares, despite the opposing stand taken by the resigning directors. Says John, "Frankfurt was chosen as it was convenient for the three non-Indian directors to attend the meeting." According to him there was a quorum with two of the directors, as well as John and his wife having attended the meeting. This was reportedly disputed by the four directors who resigned. The meeting was considered invalid as there was no proper authority and notice to convene the same.

John then called a board meeting on 17 February 1989 at Hyderabad. In the meeting he explained that Billimoria and Co was not prepared to take up the work of the second part of the assignment immediately and that it had no relevance to the allotment of shares, hence allotment need not be held up for that purpose. In protest, the four directors decided to walk out and resign from the board. When *Business India* approached P.K. Choksey for comments he declined and said that he has given his explanations to the BSE.

A moot point. To go into the merits and demerits of the project becomes a moot point at this stage given that the public issue was oversubscribed. What is of concern is the decision taken by the four members of the board to resign with "ex-planations made available only to the company". Certainly investors give due weightage to the composition of the board in making a decision to support equity issues. It is possible that the directors may have had misgivings in the project but it would be only fair to the investing public to make the reasons known to them, to help clear the doubts.

Meanwhile, BSE has laid down certain conditions by the company before the JGL script is listed. According to M.R. Mayya, executive director, BSE, "I felt that it was only just to give the investors a chance to withdraw in the light of the changed circumstances rather than reject the company's application for listing and refunding the money."

The JGL case once again brings home forcefully the fact that investors in this country can be held to ransom not only by unscrupulous promoters but also by members of boards who do not believe in doing their home work before lending their names, to companies going public.

■ BASUDEV DASS and LANCELOT JOSEPH

Statement about ownership and other particulars about 'BUSINESS INDIA' required to be published under Rule 8 of the Registration of Newspapers (Central) Rule 1958

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(See Rule 8)

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I, Ashok H. Advani hereby declare that the particulars given above are true to the best of my knowledge and belief.

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Eurotex Industries

The company is backed by a group who are in the forefront of yarn exports. In 1987 the group exported yarn worth Rs.30.61 crores, which is nearly 10 per cent of the country's total yarn exports. The annual turnover of the group exceeds Rs.100 crores.

The company being a 100 per cent export oriented unit, will enjoy tremendous benefit with respect to taxes, duty free import of capital equipment and excise duty exemption on indigenous raw materials. According to K.K. Patodia, chairman and managing director, "trial runs are on and commercial production would begin by the last week of March 1989". The company would achieve 90 per cent capacity utilisation by 1989-90 clocking a turnover of Rs.11 crores and a gross and net profit of Rs.2.56 crores and Rs.1.56 crores respectively."

The company has signed agreements with customers in the UK, Switzerland and Japan to buy its entire production for the next five years.

Till 1985, the export market for cotton yarn was stagnant. But due to the worldwide demand and unrestricted imports allowed by European Economic Committee from India there has been an upward trend in the export market which shot up by 500 per cent in 1987.

Eurotex's machinery has been imported from world famous Murata of Japan, Volkman and Schalafhorst, West Germany, and Luwa, Switzerland. The plant can produce autoconed spliced combed yarn, medium fine and superfine yarn for knitting and weaving applications. The demand for such yarn outstrips supply in the overseas markets mainly due to the high production costs prevailing in those countries.

Issue opens on 14 March, 1989	
Name of the company	: Eurotex Industries
Size of the issue	: Rs.3.48 crores
To Indian public	: Rs.89.55 lakhs.
Instruments	: Equity shares of Rs.10 each for cash at par.
Promoters	: Patodia group who are in the yarn business since 1943.
Project	: To manufacture superfine combed yarns of international standards with a licenced capacity of 24,360 spindles and an installed capacity of 18,240 spindles.
Cost	Rs 13.10 crores.
Plant location	Kolhapur district, Maharashtra.
Listing	Bombay and Ahmedabad.

Vulcan Engineers

This existing dividend paying thermal engineering company is based at Ahmednagar in Maharashtra with its head office in Bombay. It was set up 25 years ago, and its turnover for the year ended March 1988 was Rs.6.39 crores, the profit before tax being Rs.22.29 lakhs and the profit after tax Rs.14.79 lakhs. The company paid 20 per cent dividend for the year. The company's sales are expected to go up to Rs.10 crores and the profit after tax to Rs.28 lakhs during the year ending September 1989 (year ending changed from March to September). After the issue, company's equity capital will go up from Rs.30 lakh to Rs.1.21 crores.

Vulcan Engineering is a leader in the field of thermal engineering. It makes and supplies heat treatment furnaces and reheating furnaces for steel and engineering plants, dolomite and specialised tempering kilns for metallurgical and chemical industries and coal gasification plants. The company's customer list includes several engineering companies in the country including some large public sector units like BHEL, Bhilai and Durgapur Steel Plant.

Issue opens on 15 March, 1989	
Name of the company	: Vulcan Engineers Ltd
Instruments	: Equity shares and convertible debentures.
Size of the issue (Indian public)	: 3.92 lakh equity shares of Rs.10 each at a premium of Rs.5 and 32,000 14 per cent convertible debentures of Rs.150 each aggregating to Rs.1.07 crores.
Conversion	: Rs.30 will be converted into two equity shares after six months. Remaining Rs.120 will be converted into three equity shares at premium to be decided by CCI after 30 months.
Promoter	: The company was promoted by M.S. Malaney in 1963.
The object of the issue	: To set up a design and engineering centre and to augment working capital requirements.

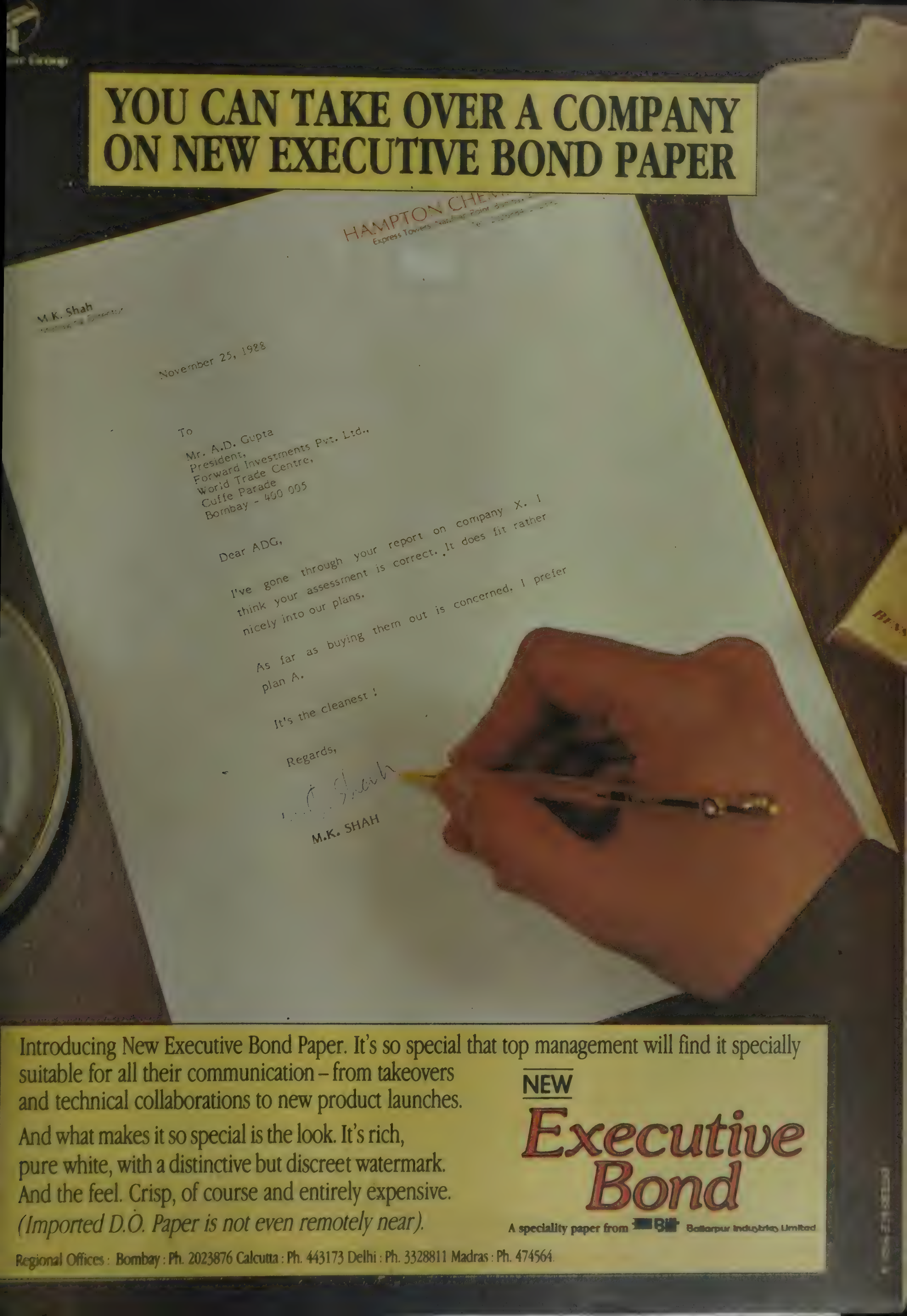
Shree Krishna Petro Yarns

Promoted by the Rs.40 crore Krishna group (fabrics, yarn and hosieries), this company started its commercial operations in April 1988, and during the 9 months ended December 1988 produced texturised yarn worth Rs.7.27 crores with 80 per cent capacity utilisation. During the period the company also earned a net profit of Rs.7.86 lakhs.

According to Pravin Kumar Tayal, managing director, the company does not anticipate any problem in marketing its yarn as it has already been well accepted in the market. Moreover, about 25 per cent of its production will be consumed by the group companies. Other consumers of the products are textile mills and powerlooms. According to Tayal, company's sales for the year ended March 1989, is expected to go up to Rs.12 crores and net profit to Rs.24 lakhs.

The company also proposes to expand its capacity soon. At a cost of Rs.3 crores, it is adding two texturising machines and four two-for-one twisting machines. The expansion will be completed by the end of 1989 after which the company's turnover is expected to touch Rs.30 crores.

Issue opens on 14 March, 1989	
Name of the company	: Shree Krishna Petro Yarns Ltd.
Instruments	: Six lakh equity shares of Rs.10 each for cash at par
Size of the issue.	: Rs.60 lakhs.
Promoters	: Ram Pratap Tayal of the Krishna group.
Plant	: Texturising plant for partially oriented yarn
Location	: Silvass in Dadra Nagar Haveli.
Object of the issue	: To meet the increased requirement of working capital
Cost of the project	Rs 1.50 crores.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February, 1989

w Delhi

ll, SK," I said inhaling the last breath nter air, "what do you think?"

This is the best time of the year to be elhi, no doubt," said SK waving at a bellied businessman with a rather n assistant carrying a suitcase. "It's dget time once again and everyone s some incentive or the other."

There are two sure events in a man's al life, SK, taxes and incentives," I marked, rearranging one of those old ges that lie in my bottom-most drawer use in precisely such situations.

How true, how true," murmured SK. "I y wish that the deeds of great men ld live as long as their savings. Just nk of it. It was barely three years ago in cember 1985 that there was this big llabaloo made about a new long term cal policy. And whatever happened to

The evil that men do lives after them l the good is oft interred with their es. That's from *Julius Caesar*, in case didn't recognise it."

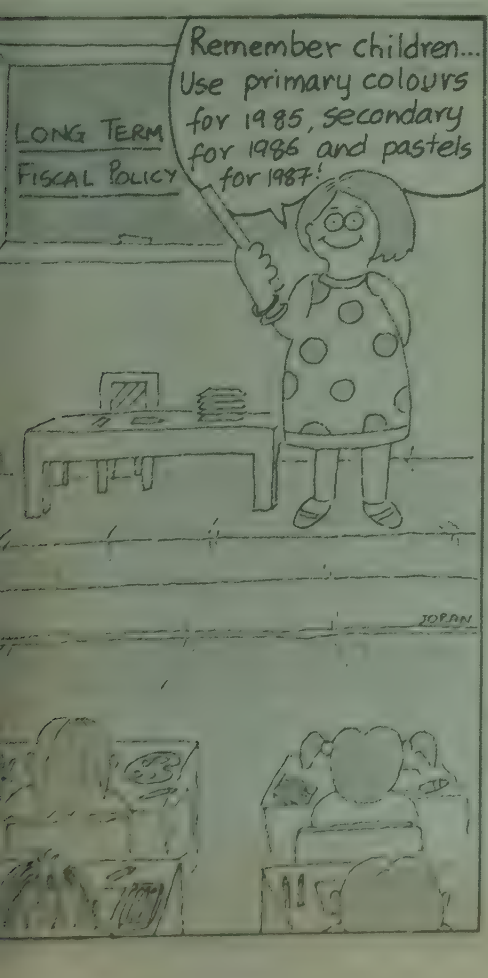
Brutus or no Brutus, at least the coun seemed to be heading in the right ection," said SK acknowledging my nark.

Here was a man trying to demystify the budget so that people could stop guessing and worrying about what was going to happen next and get on with the business of manufacturing and selling. That was the essence of the Long Term Fiscal Policy. But now," continued SK, his voice trembling with emotion, "what has become of it?"

"Come now, SK, it is the dynamics of politics. The ever-changing thoughts of a nation's aspirations. It is something we have to live with."

"You can keep your fancy words to yourself," said SK in despair, "but the fact remains that, that beautifully textured book with all those graphs and charts has now become a prescribed colouring book for all children in KG."

"Oh, no!" I exclaimed, horrified at the thought of a whole generation blackening the concept of a Long Term Fiscal Policy with hues of orange, red and purple. Now even the ruled would forget what fiscal discipline is all about.



27 February, 1989

In kerb

"Well, Navinbhai, where are the markets headed?"

"If only I knew," said Navinbhai, "I would not have to be in this thankless business where, no matter what advice you give, these clients never seem to be happy."

Navinbhai is not your ordinary sort of broker. I mean, he does not waste time advising all those ten million shareholders we have swarming the 16 stock exchanges like bees around a beehive. Nor is he the kind of man who will fritter his resources on those one hundred odd predators who stand around the steps leading to the trading ring, buying and selling at every twitch of the index and in the process, accounting for 75 per cent of the volume of business done on the stock exchanges.

Oh, no. Navinbhai is different. He caters to a select clientele known as institutional investors — not the GICs and the LICs but, the corporate captains who run various companies.

"So, Navinbhai, where are the markets going?"

"It depends from what point of view you look at the markets. In the good old days it was so simple but now it has become a magical maze. Just when you think that the markets have been made to forget about the defeat of the ruling party in the state elections by reducing the face value of TISCO from Rs.100 to Rs.10, suddenly there is news about a cabinet reshuffle."

"Indeed, life is difficult," I sympathised.

"That is not all. As I was saying, when the markets began to discount a reshuffle in the cabinet to mean just another pointless exercise of moving chief ministers to the centre and appointing cabinet ministers as chief ministers, the music stopped, as expected, but instead of a cabinet reshuffle there was a major reshuffle in the composition of the high command."

"Must have caught the market by surprise", I opined.

"Surprise? That is putting it mildly. We were shocked. The market hates this stuff of calling in old hands in new situations. I mean what do these new people know about flying airplanes? Look what happened to those well-meaning people who thought they could regulate the markets. Boom! They were shot down from the sky."

"But, isn't the market happy with these familiar faces?" I queried.

"Oh, I wish it were this simple. You see the market is now preoccupied with two things..."

"You mean the economic survey and the budget," I interjected.

"No, no. The market is trying to figure out which corporate captains are close to the new old guard, and when the elections will be announced the budget is nothing but a derivative of these."

"Tell me, Navinbhai, will the index go up or down,?" I asked, tired of all this analysis.

"In my view," said Navinbhai, "the budget will be soft on the farmers and the poor and marginally harsh on the corporate sector in preparation for an election in April."

"Then the market is doomed," I lamented, making a note to short-sell every 'A' Group share that I possessed.

"That," said Navinbhai smiling, "is what the first reaction of any investor will be. But we marketmen are not fools. In an election year we all need money. Mini-budgets in the form of notices will be issued periodically to sustain the flow of funds to and from the corporate sector."

"You mean the budget is hogwash — a play of words on tender sentiments?"

"Precisely", said Navinbhai flexing his arms, "and now if you will allow me, I must pick up all the shares I can get at today's cheap prices."

STOCK MARKETS

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 24.2.89	1988 High	1988 Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
A.P. [illegible] 10	07/87	9.94	-13.25	-3.33	3.75	6.24	2.00	-4.8						
ACC 100	[illegible]	[illegible]	[illegible]	351.39	314.00	425.00	120.50	0.6		523.3	10.0	3.2	86	1:5
AHM CALICO,125	06/87	13.56	20.60	314.90	31.00	41.00	25.00	-160.4		23.8			77	1:7
AHM ELECTRIC 100	03/88	18.30	85.26	456.51	137.50	150.00	120.00	35.5	17.2	3.9	16.0	11.6	87	1:5
ALFA LAVAL 10	[illegible]	5.21	16.07	38.93	93.75	102.50	46.00	5.8	3.4	16.2	18.0	1.9	86	1:2
ALLWYN NISSAN 10	06/87	16.54	0.16	10.09	10.50	13.00	3.76	-2.2	-1.3					
AMAL RASAYAN 10	03/88	1.46	2.81	28.99	123.75	150.00	42.00	14.5	9.1	8.5	10.0	0.8		
AMB SARABHAI 10	03/88	22.20	-1.72	9.23	12.75	16.00	10.00	0.8		15.9			82	1:5
AMFORGE 10	03/88	5.33	8.92	26.74	70.00	80.00	23.00	3.8	3.5	18.4	22.0	3.1		
ANDHRA CEMENT 10	03/88	18.20	2.70	5.52	11.25	20.00	7.75	0.7	-4.0	16.1	10.0	8.9	67	1:2
ANDHRA VALLEY 100	03/88	10.51	38.33	464.70	290.00	300.00	142.50	110.9	73.8	2.6	16.0	5.5	75	1:9
ANDREW YULE 10	03/87	3.41	22.81	34.24	19.00	24.00	15.50	2.2		8.6	10.0	5.3	67	2:5
ANNAPURNA FOILS,10	03/88	9.05	0.00	10.00	10.50	17.00	8.00							
APOLLO HOSF.10	06/88	5.44	1.33	12.44	14.00	20.00	8.50	3.7		3.8	10.0	7.1		
APOLLO TYRES.10	10/88	7.75	14.19	28.31	68.00	85.00	22.75	18.1		3.6	25.0	3.7		
APPLE LEASING 10	09/87	3.56	0.81	12.28	19.50	24.50	11.50	2.0	3.9	9.8	23.0	11.8		
ASEA 10	12/87	5.18	7.33	24.15	52.00	72.50	38.00	2.2	1.4	23.6	18.0	3.5		
ASHOK LEYLAND 10	12/88	21.39	64.87	49.68	70.00	74.00	29.00	8.1		8.6	21.0	3.0	78	1:2
ASIAN CABLES 10	12/86	3.03	5.00	26.50	40.00	53.75	26.50	4.3	3.9	9.3	17.0	4.2	81	1:3
ASIAN HOTELS 10	09/87	13.64	1.30	10.95	51.50	52.50	28.00	1.8	1.4	28.6	10.0	1.9		
ASIAN PAINTS 10	12/87	12.45	32.81	36.35	213.75	232.50	128.75	10.1	5.2	21.2	30.0	1.4	87	1:2
ASSAM CO 10	06/88	7.00	20.71	39.59	115.00	112.50	90.00	7.6	-5.5	-15.1	40.0	3.5	85	1:1
ASSAM FRONTIER 10	06/88	3.00	8.95	39.83	137.50	135.00	91.00	12.0		11.5	50.0	3.6		
ASTRA IDL 10	06/88	2.50	2.30	19.20	40.00	45.00	27.00	2.7		14.8	10.0	2.5		
ATLAS COPCO 10	12/87	7.26	7.96	20.96	47.00	66.00	33.50	1.6	0.2	29.4	16.0	3.4	87	1:2
ATLAS CYCLE 10	06/87	1.15	4.73	51.13	132.50	157.50	36.00	5.0	4.6	26.5	20.0	1.5	87	1:2
AVERY INDIA 10	12/87	4.20	9.34	32.24	114.00	134.00	93.00	8.6		13.3	35.0	3.1	84	2:5
BAJAJ AUTO 10	06/88	18.81	195.82	114.10	386.25	421.25	182.50	15.6		24.8	40.0	1.0	87	1:1
BAJAJ PLASTIC 10	12/87	1.50	4.94	42.93	27.00	36.00	17.00	1.2	-3.8	22.5			86	1:1
BAJAJ TEMPO 10	09/87	6.60	42.10	73.79	122.50	122.50	65.50	3.1	2.5	39.5	12.5	1.0	86	1:1
BAKELITE HYLAM 10	06/88	4.50	18.48	51.07	26.50	31.50	15.00	3.2	1.7	8.3	18.0	6.8	80	2:3
BALLARPUR 10	06/88	13.98	268.90	202.35	79.00	73.00	34.00	3.4	2.0	23.2	22.0	2.8	75	1:5
BARODA RAYON 100	06/88	17.00	22.58	232.82	320.00	385.00	140.00	25.4		12.6	15.0	4.7	82	1:2
BASF 10	12/87	4.26	9.72	32.82	125.00	117.50	63.33	4.7	4.6	26.6	20.0	1.6	88	1:2
BATA INDIA 10	12/87	10.50	17.18	26.36	72.00	86.50	52.25	3.7		19.5	15.0	2.1	87	1:1
BATLIBOI 10	09/88	2.79	3.93	24.09	16.00	20.00	10.50	1.1		14.5	10.0	6.2		
BAYER INDIA 100	12/87	16.22	11.19	168.99	810.00	640.00	285.00	27.2	25.5	29.8	16.0	2.0		
BEST & CROM 10	03/88	7.10	17.66	34.87	40.00	61.67	25.00	1.6		25.0	9.6	2.4	82	3:5
BHADRA PAPER 10	09/87	10.57	17.51	26.57	33.00	44.00	22.50	4.2		7.9	20.0	6.1		
BHARAT FORGE 10	09/87	5.27	24.50	56.49	190.00	207.50	103.00	10.2	7.8	18.6	25.0	1.3	81	1:1
BHARAT GEARS 10	07/87	4.03	6.98	27.32	17.00	24.50	10.00	2.1	-2.5	8.1	12.5	7.4		
BIHAR ALLOY 10	12/87	8.20	-11.24	-3.71	46.00	42.00	12.75	1.4	1.3	32.9				
BIMETAL 10	06/88	1.91	9.28	58.59	143.50	145.00	50.00	11.1		12.9	30.0	2.1	81	1:2
BINDAL AGRO 10	12/87	3.79	2.85	17.52	110.00	120.00	52.00	11.3		9.7	50.0	4.5		
BIRLA JUTE 10	03/88	20.37	83.19	50.84	43.00	58.00	32.00	0.1	2.6	430.0	14.0	3.3	86	1:1
BIRLA YAMAHA 10	08/87	8.00	0.17	10.21	9.50	16.00	8.25	0.2	-1.8	47.5				
BLOW PLAST 10	03/88	2.00	3.64	28.20	41.25	62.50	29.00	1.7		24.3	15.0	3.6	87	1:1
BLUE STAR 10	06/88	3.55	9.53	36.85	56.25	70.00	37.00	8.1		6.9	18.0	3.2	86	3:5
BOM BURMAH 100	09/87	5.52	14.56	363.77	450.00	510.00	330.00	36.6	21.7	12.3	20.0	4.4	78	1:4
BOM DYEING 10	03/88	11.24	55.99	59.81	121.00	159.50	94.00	17.2	5.0	7.0	30.0	2.5	79	1:1
BOM SUBURBAN 100	03/88	5.85	71.00	1313.68	340.00	350.00	150.00	104.8	53.8	3.2	20.0	5.9	81	1:3
BOOTS 10	03/88	8.10	6.76	18.35	125.00	145.00	64.00	4.5	2.7	27.8	17.6	1.4	87	1:1
BOROSIL GLASS 10	12/87	2.25	6.83	40.36	60.00	96.00	50.00	5.3	4.0	11.3	20.0	3.3	82	1:2
BRITANNIA 10	[illegible]	12.38	20.98	26.95	92.50	125.00	75.00	6.4	2.6	14.5	24.0	2.6	87	2:5
BROOKE BOND 10	06/87	24.73	22.90	19.26	118.00	125.00	74.50	5.8	5.4	20.3	30.0	2.5	86	3:5
BURROUGHS 10	08/88	3.00	11.76	49.20	192.50	237.50	115.00	12.7		15.2	15.0	0.8		
[illegible]	03/87	16.44	62.17	46.70	19.30	18.50	12.50	5.6		3.4	16.0	8.3		
C.P. TOOLS 100	12/87	4.51	9.43	306.35	390.00	790.00	405.00	57.0	18.0	6.8	18.0	4.6	77	1:3
CABLE CORP 10	12/87	9.00	10.99	22.21	71.00	78.00	26.00	5.5	3.2	12.9	18.0	2.5		
CARRIER AIRCON,10	03/88	6.25	0.00	10.00	32.00	34.00	10.50							
CEAT TYRES 10	06/88	[illegible]	97.68	69.40	108.75	140.00	52.50	13.6		8.0	27.5	2.5	86	1:2
CEMINDIA 10	09/87	1.28	7.27	86.80	96.00	135.00	82.50	10.2	3.2	9.4	27.0	2.8	84	3:5
CENTURY ENKA 100	12/88	16.61	95.01	672.00	2550.00	2440.00	1080.00	221.7		11.5	42.0	1.6	88	2:5
CENTURY SPG 100	[illegible]	26.60	[illegible]	85[illegible]	1565.00	1535.00	617.50	25.1		62.4	30.0	1.9	86	2:3
CHAMPAGNE 10	12/87	2.50	-1.46	4.16	12.50	30.00	12.00	-3.2						
[illegible]	[illegible]	[illegible]	[illegible]	19.00	76.00	80.00	50.00	5.0		15.2	31.5	4.1	86	3:5
[illegible]	07/88	4.78	0.40	10.84	9.00	11.00	3.50	1.7		5.3	15.0	16.7		
[illegible]	03/88	3.38	5.02	24.85	95.00	120.00	62.00	8.6	4.2	11.0	35.0	3.7		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	335.00	160.00	9.6	6.6	34.5	50.0	1.5	87	1:1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	42[illegible]	460[illegible]	320.00	37.2	11.1	11.3	20.0	4.7	86	2:5
COMET STEEL 10	03/87	6.13	0.00	10.00	13.75	20.00	9.00							
COROM FERT.10	12/88	24.32	24.79	20.19	26.00	36.00	21.00	-4.9			8.0	3.1	88	1:2
COSMO FILMS 10	03/88	2.30	7.45	41.17	42.00	77.50	41.25	6.8		6.4	18.0	4.3		
CROMPT GREA 100	06/88	9.60	62.92	756.42	780.00	630.00	285.00	64.3		12.1	18.0	2.3	79	1:3
CYANAMID 10	11/88	5.25	10.28	29.54	77.00	72.50	34.50	3.6	1.5	21.4	10.0	1.3		
DCM 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				[illegible]	[illegible]

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 24.2.89	1988 High	1988 Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
DCM TOYOTA,10	06/87	15.00	-7.25	5.17	11.00	15.00	6.50							
DEEPAK FERT 10	03/88	14.82	[illegible]	14.76	36.00	52.00	23.00	[illegible]	[illegible]	[illegible]	16.8	[illegible]		
DEEPAK NITR,10	10/87	2.43	4.01	26.50	58.00	54.00	27.50	4.0	1.9	14.5	[illegible]	[illegible]	86	[illegible]
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI 10	12/87	6.24	10.44	26.73	29.50	38.00	14.00	1.0	1.5	29.5	10.0	3.4	79	2:5
DR REDDYS 10	12/87	1.37	0.81	15.91	80.00	67.50	46.25	4.5		17.8	25.0	4.5		
DUNCAN AGRO 100	12/86	2.03	14.11	795.07	150.00	176.00	150.00	92.1		1.6	15.0	10.0	[illegible]	[illegible]
DUNLOP 10	03/88	18.99	64.48	43.96	80.00	109.00	65.00	10.6	2.8	7.5	30.0	3.8	78	[illegible]
E MERCK 10	12/87	5.94	5.04	18.48	72.50	77.50	44.00	2.2	1.2	33.0	16.0	2.2	86	3:5
EI HOTELS 10	03/88	23.84	37.31	25.65	56.00	65.00	36.00	2.9	0.4	20.3	20.0	3.4	84	2:5
EICHER MOTORS 10	04/86	9.98	-6.04	3.96	12.50	16.50	5.50	6.4	-4.8	2.0	12.0	9.6		
EID PARRY 10	06/88	6.28	6.69	20.65	47.00	52.50	29.50	4.5		10.4	20.0	4.3		
ELECON ENG,10	12/87	5.65	24.76	53.82	61.00	77.00	42.00	4.6	2.2	13.3	15.0	2.5	87	3:5
ENFIELD,10	06/88	5.04	9.15	28.15	10.00	11.50	8.25	-10.4					86	1:1
ENGLISH ELECT,10	03/88	9.00	16.38	28.20	55.00	66.00	47.75	4.9	2.8	11.2	15.0	2.7	67	1:1
ESCORTS 10	12/87	27.65	91.43	43.07	63.50	86.00	36.00	3.1	2.4	20.5	22.0	3.5	67	3:5
ESKAYEF 10	11/87	7.50	14.26	29.01	137.50	165.00	97.00	7.7	5.8	17.9	25.0	1.8	86	1:2
ESSAR SHIPPING 10	12/87	34.87	37.98	20.89	23.50	33.00	15.50	2.2	0.9	10.7	20.0	8.5		
EXCEL 10	09/87	4.62	7.12	25.41	155.00	128.00	34.00	1.3	6.8	119.2	10.0	0.6	84	4:5
FAG PRECISION,100	12/87	3.36	7.09	311.01	327.50	360.00	105.00	9.8	12.8	33.4	10.0	3.1		
FERRO ALLOYS,100	06/88	5.52	18.78	440.22	850.00	680.00	122.50	37.5	31.7	22.7	15.0	1.8	80	1:2
FGP,10	03/88	4.89	5.82	21.90	37.75	37.50	21.50	4.1	3.7	9.2	16.0	4.2	87	1:2
FICOM ORGANIC,10	09/87	1.29	3.07	33.80	185.00	250.00	125.00	17.0	11.0	10.9	30.0	1.6	87	1:1
FINOLEX,10	11/87	3.24	13.72	52.35	377.50	420.00	154.00	25.1	17.8	15.0	40.0	1.1	88	4:5
FIRST LEASING,10	11/87	6.30	8.78	23.94	17.50	20.00	14.00	6.4		2.7	25.0	14.3	83	1:3
FLAKT INDIA,10	12/88	3.40	4.08	22.00	53.75	67.50	44.00	5.6		9.6	20.0	3.7	86	1:3
FOOD SPECIAL,10	12/87	19.20	20.16	20.50	187.50	180.00	93.75	5.6	3.3	33.5	25.0	1.3	85	1:1
FORBES FORBES,10	06/88	4.25	19.97	56.99	51.50	46.00	22.00	3.2		16.1	15.0	2.9	82	2:5
FULFORD,10	12/87	0.80	2.28	38.50	300.00	425.00	50.00	8.8	6.1	34.1	22.0	0.7	88	1:1
G.E.SHIPPING,10	06/88	55.61	39.18	17.05	38.00	45.65	20.50	3.0		12.7	15.0	3.9	81	2:3
G.K.W.,10	12/86	24.06	20.83	18.66	12.00	18.00	5.50	-1.7	-1.5				83	1:3
G.T.C.INDUST,10	06/87	5.00	9.32	28.64	17.00	18.00	12.50	3.9		4.4	25.0	14.7	72	1:4
GABRIEL,10	11/87	2.64	3.33	22.61	23.50	37.00	17.00	1.7	1.9	13.8	18.0	7.7	78	3:5
GAMMON INDIA,10	07/88	2.16	13.46	72.31	200.00	167.50	29.00	1.9		105.3	18.0	0.9	82	2:5
GARDEN SILK,10	03/88	12.57	82.28	75.46	51.25	160.00	47.50	11.1	1.4	4.6	30.0	5.9		
GARWARE NYLON,10	08/88	9.72	13.31	23.69	42.00	56.00	20.00	2.6	1.3	16.2	15.0	3.6	83	1:2
GARWARE POLY,10	06/88	8.31	28.96	44.85	76.25	127.50	72.00	6.5		11.7	20.0	2.6		
GARWARE SHIP,10	03/88	3.75	0.03	10.08	22.00	41.00	10.50	-3.6	3.2					
GEN ELECTRIC,10	03/88	7.20	18.92	36.28	51.00	63.00	26.00	3.9	1.9	13.1	12.0	2.4		
GENELEC 10	03/88	2.16	5.79	36.81	46.00	88.00	43.75	6.5		7.1	14.7	3.2	84	1:1
GEORGE WILL 10	09/88	6.30	24.05	46.17	110.00	120.00	82.50	8.7	5.0	12.6	40.0	3.6	86	4:5
GERMAN REMED 10	12/87	3.26	4.93	25.12	82.50	77.00	30.00	2.9		28.4	10.0	1.2	82	3:5
GLINDIA 10	06/88	20.00	30.27	25.14	91.50	104.00	51.50	5.1		17.9	20.0	2.2	80	1:3
GODFREY PHILIPS 10	12/86	2.60	3.24	22.46	27.50	45.00	10.00	3.4	2.4	8.1	25.0	9.1	75	1:1
GOETZE 10	06/88	6.93	12.40	27.89	70.50	65.00	25.00	5.5		12.8	22.0	3.1	76	4:5
GOKAK PATEL 10	06/88	6.52	16.51	35.32	80.00	85.00	60.00	10.7		7.5	20.0	2.5	87	1:1
GOOD NEROLAC 10	06/88	3.24	5.08	25.68	45.00	75.00	45.00	2.0		22.5	20.0	4.4	78	5:7
GOODYEAR 10	12/87	7.48	24.67	42.98	88.00	87.00	48.00	11.6	6.2	7.6	30.0	3.4	77	2:3
GRAMOPHONE 10	09/87	4.37	11.43	36.16	5.87	7.75	4.00	13.5						
GRASIM 10	03/88	37.78	101.81	36.95	99.00	93.50	46.60	4.1	4.1	24.1	27.5	2.8	88	3:4
GREAVE COTTON 100	06/88	6.57	22.37	440.49	590.00	610.00	295.00	82.0		7.2	22.0	3.7	86	1:2
GUJ ALKALIES 10	03/88	17.90	29.78	26.64	65.00	71.50	29.00	2.4	1.3	27.1	26.0	4.0	87	1:5
GUJ AMB CEM,10	06/88	19.89	4.01	12.01	20.50	28.00	11.00	2.1		9.8	11.0	5.4		
GUJ NARMADA 10	06/88	88.97	103.48	21.63	44.00	62.00	27.00	2.7		16.3	18.0	4.1		
GUJ STATE FERT 10	12/87	26.95	170.03	73.09	132.50	174.00	75.00	10.1	5.2	13.1	30.0	2.3	87	1:3
HARRISON 10	03/88	9.10	15.62	27.16	46.00	75.00	36.00	5.6	0.5	8.2	25.0	5.4	87	2:5
HERDILLIA CHEM 10	06/88	7.35	36.64	59.85	81.00	72.00	41.00	7.6		10.7	25.0	3.1	78	1:2
HERO HONDA 10	06/88	15.60	1.94	11.24	35.50	40.00	15.00	1.2		29.6				
HIND ALLOY,10	12/87	5.89	2.20	13.74	72.00	102.50	28.75	2.4	4.3	30.0	20.0	2.8		
HIND ALUM,10	12/87	15.89	166.64	114.87	196.00	158.00	72.50	8.8	5.3	22.3			86	[illegible]
HIND BROWN 100	04/88	5.47	23.08	521.94	650.00	900.00	265.00	64.2		10.1	25.0	3.5	78	[illegible]
HIND CIBA,100	12/87	17.71	31.79	279.50	845.00	891.00	332.50	38.1	15.5	22.2	20.0	2.4	86	[illegible]
HIND COCOA,10	06/88	8.40	9.69	21.54	108.75	123.75	67.50	4.5		24.2	20.0	1.8	87	[illegible]
HIND DEVELOP 10	12/87	8.42	82.99	108.56	91.00	112.50	65.00	6.0	6.5	15.2	[illegible]	[illegible]	86	[illegible]
HIND DORR-OLIVER,10	11/87	2.38	10.79	56.34	112.50	215.00	95.00	18.4	5.5	6.9	37.5	3.3	86	[illegible]
HIND FERODO 10	12/87	5.50	1.19	12.16	[illegible]	23.00	16.00	1.3	0.8	[illegible]	5.2	2.9	82	4:[illegible]
HIND LEVER,10	12/87	93.32	90.17	19.66	74.50	82.00	59.50	5.0	2.2	14.9	25.0	3.4	87	[illegible]
HIND MOTOR,10	03/88	26.35	52.67	29.99	31.00	34.00	15.50	-1.0			7.5	2.4	86	[illegible]
HMM 10	04/88	14.18	99.90	76.22	[illegible]	185.00	121.00	6.6	5.7	29.6	40.0	2.4	8[illegible]	[illegible]
HOECHST 100	12/87	9.58	25.35	364.67	680.00	680.00	437.00	14.3	2.1	47.6	16.0	[illegible]	82	[illegible]
HOGANAS,10	10/87	1.15	0.00	10.00	44.50	62.00	34.00		-0.6					
HOTEL LEELA 10	06/88	8.98	-2.08	7.68	19.00	22.50	11.50	-1.1						
HOUSING DEV FIN 100	06/88	20.00	33.00	285.00	197.00	180.00	140.00	65.5		3.0	17.0	8.6		
HYD.ALLWYN,10	07/87	8.10	10.70	23.21	14.90	21.00	7.80	3.7	4.2	3.9	15.0	[illegible]		
ICIM 10	12/87	4.13	9.13	32.11	20.00	40.90	21.00	2.3		8.7				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			7[illegible]	[illegible]

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 24.2.89	1988 High	1988 Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
[illegible]	03/88	4.90	46.82	105.76	31.00	27.00	14.50	3.0		10.3	12.0	3.9	88	2:5
[illegible]	04/88	4.50	0.00	10.00	11.00	17.00	9.50	-5.9	-2.0					
[illegible]	12/87	[illegible]	[illegible]	[illegible]	6.75	9.00	4.24							
[illegible]	03/88	4.86	-65.15	-121.62	13.60	16.50	4.15	-16.9					75	1:1
[illegible]	12/87	41.16	49.09	21.93	66.50	53.00	24.00	0.9	0.7	73.9	14.0	2.1	77	2:5
[illegible]	[illegible]	[illegible]	36.98	482.36	210.00	360.00	[illegible]	4.8		43.8	15.0	7.1	80	1:4
[illegible]	03/88	9.86	41.97	52.57	120.00	140.00	95.00	6.8	3.0	17.6	30.0	2.5	82	2:5
[illegible]	03/88	18.40	17.03	19.26	38.00	51.00	15.00	-6.2	0.2				85	1:2
[illegible]	09/87	14.60	29.94	30.51	46.50	43.50	29.00	2.2		21.1	16.0	3.4	85	1:3
[illegible]	06/88	25.40	[illegible]	56.61	87.00	93.00	46.00	1.9		45.8	28.0	3.2	80	1:4
[illegible]	12/87	2.21	4.02	28.19	110.00	135.00	[illegible]	9.5	[illegible]	11.6	18.0	1.6		
[illegible]	09/87	164.81	0.00	10.00	19.00	28.00	10.50							
[illegible]ROL,10	06/88	5.05	14.58	38.64	297.50	291.25	135.00	8.7		34.2	26.0	0.9	86	1:1
[illegible] NISSAN,10	12/87	5.00	1.21	12.02	19.00	31.50	18.00	5.6	2.9	3.4	10.0	5.3		
INGERSOLL,10	12/87	7.89	21.34	37.05	370.00	370.00	212.50	11.0	4.6	33.6	30.0	0.8	86	1:1
ION EXCHANGE,10	04/88	3.46	7.20	30.81	73.00	87.00	38.75	4.3		17.0	20.0	2.7	88	4:5
[illegible]TATA,10	12/87	12.00	-15.79	-3.18	19.00	22.50	8.75	-6.9		6.7				
[illegible],10	06/88	33.17	144.82	53.66	52.00	64.00	30.00	7.5		6.9	35.0	6.7	81	1:5
J.B.CHEMICAL,10	06/88	3.00	2.84	19.47	33.00	44.00	21.00	4.4	2.3	7.5	25.0	6.1		
J.K.INDUST,10	06/88	14.04	15.51	21.05	57.00	70.00	25.00	10.6		5.4	20.0	3.5	67	1:1
J.K.SYNTHETIC,10	03/88	36.51	119.26	40.97	79.00	94.00	45.50	2.2	1.5	35.9	20.0	2.5	[illegible]	1:3
JAYANT VITAMIN,10	[illegible]	3.87	5.11	23.20	50.00	83.00	24.50	4.8		10.4	21.0	4.2	[illegible]	2:5
KALYANI BRAKES,10	06/88	3.90	-4.84	-2.41	31.00	42.00	14.50	1.3	0.6	23.8				
KALYANI STEEL,10	08/88	1.13	11.41	110.97	600.00	800.00	250.00	31.9		18.8	85.0	1.4	88	1:1
KELVINATOR,10	06/88	3.55	25.48	81.77	120.00	150.00	36.00	18.5		6.5	20.0	1.7	84	1:1
KESORAM,10	03/88	8.85	52.23	89.02	62.00	71.00	32.50	3.4	0.7	18.2	23.5	3.8	79	1:2
KHODAY DIST,10	06/87	8.00	8.88	24.80	38.00	56.00	33.00	3.1	2.2	12.3	20.0	5.3		
KINETIC ENGG,10	06/88	1.20	18.15	161.25	387.50	410.00	161.25	31.3		12.4	40.0	1.0	88	1:1
KINETIC HONDA,10	01/88	9.99	2.63	12.63	31.00	40.00	16.75	-5.9	0.6					
KIRL CUMMINS,10	09/88	26.40	41.33	25.66	74.00	100.00	48.00	4.3		17.2	22.5	3.0	86	1:1
KIRL PNEUMATIC,10	09/87	3.85	3.36	18.73	47.50	72.50	15.00	1.8	5.0	26.4	12.5	2.6		
KIRLOSKAR OIL,10	06/88	6.71	11.56	27.21	48.00	60.00	12.00	4.4		10.9	6.0	1.2	76	3:7
KLOCKNER WIND,10	12/87	4.50	3.27	17.27	92.50	122.50	81.25	4.4	2.9	21.0	21.0	2.3	88	1:2
KSB PUMPS,10	12/87	4.35	11.98	37.54	348.00	398.25	220.00	12.3	6.3	28.3	20.0	0.6	88	1:1
LAKME,10	06/88	2.10	6.86	42.67	95.00	145.00	61.25	5.3		17.9	27.5	2.9	86	2:5
LARSEN TOUBRO,10	09/88	60.75	235.98	48.84	103.00	148.50	75.50	5.1		20.2	21.0	2.0	86	3:5
LIPTON,10	06/88	15.75	8.19	15.20	72.00	84.00	52.00	4.6		15.7	22.0	3.1		
LLOYD STEEL,10	03/88	3.38	4.24	22.54	33.00	46.00	17.00	2.5	2.2	13.2	22.0	6.7		
LML,10	03/88	21.05	8.64	14.10	14.50	19.50	9.00	-2.9	0.6				80	4:5
MACNEIL MAGOR,10	06/88	2.74	41.38	161.02	47.00	47.75	43.75	2.3		20.4	7.0	1.5		
MADRAS CEMENT,100	12/87	3.02	18.65	717.56	770.00	860.00	315.00	-153.3	-79.5					
MADURA COATES,10	08/88	21.96	92.32	52.04	95.00	101.00	60.00	6.2		15.3	30.0	3.2	86	1:2
MAFATLAL FINE,100	03/88	14.24	23.82	267.28	210.00	225.00	140.00	6.0	14.7	35.0	15.0	7.1	80	1:3
MAFATLAL IND,100	03/88	16.20	52.96	427.04	300.00	350.00	200.00	14.4	4.5	20.8	20.0	6.7	78	1:5
MAHIN & MAHIN,10	10/87	19.26	102.06	62.99	94.00	124.00	48.50	5.5	2.3	17.1	22.0	2.3	84	2:3
MAHINDRA UGINE,10	06/88	7.30	20.74	38.41	73.00	110.00	51.00	6.6		11.1	25.0	3.4	88	1:2
MANGALAM CEM,10	12/87	7.11	11.31	25.91	22.00	30.50	13.00	2.8	1.7	7.9	15.0	6.8		
MANGALORE CHEM,10	03/88	18.99	13.96	17.36	30.50	56.00	15.25	0.1	-0.5	305.0	10.0	3.3		
MASTERSHARE,10	06/88	150.00	63.00	14.20	16.75	21.00	9.25	4.2		4.0	13.0	7.8		
MATHER PLATT,10	06/88	10.24	6.47	16.32	52.00	85.00	27.35	3.6		14.4	25.0	4.8	87	3:5
MAX INDIA,10	09/88	2.79	1.78	16.38	70.00	58.00	30.00	5.0		14.0	20.0	2.9		
MAY & BAKER,10	12/87	4.50	7.18	25.96	65.00	58.00	34.00	3.1	1.7	21.0	10.0	1.5		
MAZDA INDUST,10	11/88	4.32	2.64	16.11	15.00	21.00	11.00	2.3		6.5	12.7	8.5		
MCDOWELL,10	06/88	7.68	25.69	43.71	92.00	105.00	72.50	11.3		8.1	20.0	2.2	86	1:1
MCLEOD RUSSEL,10	06/88	6.25	22.38	45.81	92.50	130.00	85.00	12.9	5.2	7.2	45.0	4.9	87	1:1
METAL BOX,10	03/87	14.66	-12.54	1.46	6.15	10.50	4.24	-4.0	-5.0				67	1:2
MILES INDIA,10	12/87	0.84	0.91	24.22	160.00	180.00	52.00	9.8	4.8	16.3	30.0	1.9	87	3:5
MILKFOOD,10	12/87	1.14	4.49	49.39	195.00	290.00	75.00	8.9	12.4	21.9	25.0	1.3	87	1:1
MODI INDUSTRIES,10	09/87	3.13	23.66	85.56	22.50	95.00	25.00	-11.8	-26.0		6.0	2.7	69	1:5
MODI RUBBER,10	04/88	10.38	41.59	50.07	80.00	122.50	43.00	14.3	9.5	5.6	25.0	3.1	84	2:5
MODI XEROX,10	04/88	17.46	0.17	10.10	64.00	75.00	21.50	2.9	0.3	22.1				
MOTOR INDUST,100	12/87	38.05	46.32	221.73	600.00	700.00	447.50	29.4	14.5	20.4	12.0	2.0	86	1:1
[illegible],10	09/87	3.86	23.30	70.36	330.00	400.00	127.00	26.1		12.6	40.0	1.2	75	1:2
[illegible],10	06/88	14.72	67.32	55.73	86.50	102.00	49.02	8.1		10.6	15.3	1.8	88	1:2
MYSORE CEMENT,10	06/87	18.22	22.61	22.41	21.00	28.00	18.00	1.1	0.5	19.1	17.5	8.3	85	2:5
[illegible]	09/87	2.44	2.70	21.07	11.50	14.00	10.75	5.5	0.4	2.1	23.0	20.0		
[illegible]	[illegible]	2.30	9.02	492.17	1000.00	1575.00	820.00	77.8		12.9	30.0	3.0		
[illegible]	12/87	6.82	2.77	141.84	170.00	175.00	97.50	10.6	3.5	16.0				
[illegible]	[illegible]	[illegible]	27.08	27.18	12.25	15.00	5.00	-27.1	-0.1				82	1:2
[illegible]	12/87	36.00	56.62	254.50	792.50	990.00	390.00	48.2	32.6	16.4	20.0	2.5	86	1:2
[illegible]	12/87	5.40	31.50	68.33	35.00	36.00	29.25	7.3	0.5	4.8	20.0	5.7	87	1:1
[illegible]	[illegible]	49.64	54.77	21.03	28.00	51.00	17.00	1.4	1.1	20.0	21.0	7.5		
[illegible]	[illegible]	[illegible]	81.67	38.64	108.50	129.50	57.00	2.8		38.8	50.0	4.8	87	3:5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22.25							
[illegible]	[illegible]	[illegible]	9.82	29.09	195.00	225.00	161.25	7.6	7.5	25.7	25.0	1.3	86	1:1
[illegible]	[illegible]	[illegible]	3.66	14.88	50.00	55.00	31.00	2.3	1.4	21.7	25.0	5.0	78	3:5

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 24.2.89	1988 High	1988 Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
PEICO,10	12/87	33.32	53.59	26.08	22.00	40.00	21.50	1.2	-1.2	18.3	10.0	4.5	82	1:5
PFIZER,10	11/88	11.72	15.65	23.35	76.50	90.00	50.00	1.5		51.0	10.0	1.3	77	4:5
POLYCHEM,10	03/88	4.10	9.92	34.20	102.50	106.00	55.00	13.1	5.6	7.8			86	1:2
POLYOLEFINS,100	12/87	19.30	24.65	227.72	975.00	920.00	515.00	53.0	45.1	18.4	28.0	2.9	88	1:2
PONDS,10	06/87	6.68	11.38	27.04	168.75	250.00	127.50	5.4	3.4	31.2	40.0	2.4	87	1:1
PREMIER AUTO,10	06/88	16.20	103.38	73.81	45.00	58.00	23.00	6.9		6.5	25.0	5.6	86	1:1
PROCTER & GAM,10	06/88	6.68	7.38	21.05	217.50	241.67	143.06	7.0		31.1	50.0	2.3	88	4:5
PSI DATA,10	09/87	1.36	0.65	14.71	15.50	38.00	10.25	1.8		8.6	17.0	11.0		
RALLIS,10	04/88	9.52	30.00	41.51	139.75	137.50	60.00	5.9	5.3	23.7	27.5	2.0	77	3:1
RANBAXY,10	12/87	5.22	12.72	34.37	107.50	92.50	68.00	5.2	2.6	20.7	20.0	1.9	88	2:5
RAYMONDS,10	03/88	22.47	50.11	32.30	74.00	76.00	41.50	3.8	2.5	19.5	25.0	3.4	87	1:1
RECKITT COLMAN,10	12/87	8.40	13.60	26.19	135.00	155.00	92.50	6.5	3.4	20.8	30.0	2.2	88	1:1
REGENCY CERAMIC,10	04/87	3.97	-1.29	6.75	16.50	24.00	10.00	-3.9	-2.7					
RELIANCE,10	06/88	152.10	864.22	66.82	141.00	231.00	69.00	5.2		27.1	55.0	3.9	83	3:5
REMINGTON,10	03/88	2.67	4.34	26.25	41.00	40.00	24.75	4.1	1.2	10.0	20.0	4.9	86	1:2
REVATHI C.P,10	06/88	1.60	3.12	29.50	125.00	140.00	51.50	7.2		17.4	20.0	1.6	87	1:1
ROCHE PRODUCTS,10	12/87	4.81	5.38	21.19	75.00	87.50	34.00	2.3	1.4	32.6	14.0	1.9	80	1:3
ROSS MURARKA,10	06/87	3.74	3.29	18.80	19.00	17.00	10.50	4.7	3.4	4.0	26.0	13.7		
S.I.VISCOSE,100	03/88	11.03	13.08	218.59	690.00	810.00	215.00	74.0	45.3	9.3	25.0	3.6	87	1:2
SAMTEL,10	12/87	3.65	7.92	31.70	100.00	105.00	33.25	6.3	6.2	15.9	25.0	2.5	88	1:3
SANDOZ,10	12/87	5.30	19.68	47.13	107.50	95.00	59.00	3.0	1.4	35.8	16.0	1.5	84	2:7
SANDVIK ASIA,100	12/87	5.78	7.54	230.45	725.00	720.00	575.00	23.6	10.7	30.7	20.0	2.8	84	1:1
SCINDIA,20	06/87	18.95	3.79	24.00	6.76	9.50	1.76	-30.9					77	2:5
SEARLE,10	12/87	3.48	14.57	51.87	205.00	195.00	92.00	8.0	1.2	25.6	20.0	1.0	88	1:2
SESA GOA,10	03/88	5.15	9.42	28.29	43.00	45.50	16.00	1.6		26.9	10.0	2.3	86	2:5
SHAW WALLACE,10	06/88	12.00	22.86	29.05	100.00	102.00	52.00	8.1		12.3	35.0	3.5	87	1:1
SHRI RAM FIBRES,10	09/87	10.33	22.69	31.97	74.00	69.00	34.50	2.7		27.4	20.0	2.7	82	1:2
SIEMENS,10	09/88	20.77	58.30	38.07	84.00	120.00	56.50	3.3		25.5	16.0	1.9	86	1:4
SILTAP CHEMICAL,10	03/88	1.80	-0.76	5.78	57.50	80.00	47.50	-4.2						
SIPTA COATED,10	10/87	9.42	1.84	11.95	18.50	25.50	15.00	3.1	2.6	6.0	15.0	8.1		
SKF BEARINGS,100	12/87	12.35	30.44	346.48	2260.00	2420.00	1058.00	87.8	68.1	25.7	22.0	1.0	86	2:5
SOUTHERN PETRO,10	12/87	34.00	267.86	88.78	45.50	68.00	22.75	1.5	-7.2	30.3	15.0	3.3	86	1:1
SPARTEK,10	06/88	2.85	6.19	31.72	75.00	110.00	58.00	13.2		5.7	25.0	3.3		
SPECIAL STEEL,100	12/87	7.59	10.79	242.16	750.00	825.00	575.00	104.7	67.3	7.2	15.0	2.0	73	1:1
STANDARD MILLS,100	03/88	11.06	75.27	780.56	245.00	390.00	190.00	48.0	11.1	5.1	16.0	6.5	82	2:5
STANDARD MOTOR,10	12/86	2.32	3.98	27.16	8.00	11.85	7.50	-18.1					85	1:1
STRAW PRODUCTS,10	12/87	10.14	73.61	62.59	48.00	48.00	29.50	4.0	1.3	12.0	20.0	4.2	72	1:2
SU-RAJ DIAMOND,10	04/88	4.77	4.37	19.16	71.00	94.00	15.00	9.1	6.5	7.8	15.0	2.1		
SUND CLAYTON,10	05/88	9.48	23.99	35.31	50.00	53.75	29.25	9.9		5.1	25.0	5.0	87	2:3
SUND FASTENERS,10	03/88	5.10	9.80	29.22	55.00	82.50	53.75	4.6	3.9	12.0	25.0	4.5	88	3:5
SUND FINANCE,10	03/88	6.00	11.46	29.10	56.00	57.50	25.50	7.8	4.3	7.2	20.0	3.6	86	1:1
SUPREME INDUST,10	06/88	1.80	3.70	30.56	225.00	250.00	137.50	25.4		8.9	36.0	1.6	87	1:1
SWAD POLYTEX,10	09/86	3.90	36.01	102.33	33.00	43.00	21.50	8.5	8.7	3.9	30.0	9.1		
SYNTH & CHEM,10	03/88	5.81	4.80	18.26	57.00	70.00	28.50	3.9	4.1	14.6	21.0	3.7		
TATA CHEMICALS,10	03/88	44.50	192.08	53.16	114.00	119.00	58.00	5.9	3.4	19.3	30.0	2.6	85	2:5
TATA LOCO,100	03/88	90.97	212.99	334.13	766.25	785.00	340.00	45.0	6.8	17.0	23.0	3.0	82	2:5
TATA OIL,25	03/88	8.11	19.78	85.97	70.00	87.00	55.00	4.2	0.3	16.7	10.0	3.6	81	1:5
TATA POWER,100	03/88	21.22	68.24	421.58	365.00	451.50	175.00	89.1	60.8	4.1	16.0	4.4	75	1:5
TATA PRESS,10	03/88	1.57	5.86	47.32	46.00	55.00	33.00	4.5	2.1	10.2	18.0	3.9		
TATA STEEL,100	03/88	136.01	476.33	450.22	1226.25	1100.00	568.75	67.8	39.7	18.1	25.0	2.0	86	2:5
TATA TEA,10	12/87	12.21	54.82	54.90	134.00	127.50	65.63	8.9	2.1	15.1	45.0	3.4	86	3:5
TATA UNISYS,10	12/87	4.38	3.62	18.26	85.00	107.50	60.00	3.5	2.2	24.3	22.0	2.6	87	2:5
TEXMACO,10	12/86	1.87	11.06	69.14	31.00	38.00	17.00	-208.6						
TINPLATE,10	03/88	10.14	8.26	18.15	28.50	28.00	15.50	2.8		10.2	10.0	3.5		
TUBE INVESTMENT,10	12/87	5.73	28.62	59.95	42.00	55.00	22.00	7.0		6.0	20.0	4.8	85	1:3
TUTICO ALKALIES,10	12/87	12.94	-2.63	7.97	14.50	20.00	11.00		-1.3					
TVS SUZUKI,10	02/88	23.10	-8.59	6.28	22.00	22.25	8.50		1.4					
TWENT.CENT,10	03/88	8.88	8.76	19.86	20.50	20.71	12.14	4.2	1.9	4.9	25.7	12.5	88	2:5
UNION CARBIDE,10	12/87	32.58	38.04	21.68	27.75	26.00	10.00	1.1		25.2	12.0	4.3	80	1:2
UNIT BREWERIES,10	06/88	4.00	9.53	33.82	70.00	48.00	36.50	7.1		9.9	20.0	2.9	86	1:1
UNIT PHOSPHORUS,10	12/87	2.80	2.86	19.50	42.00	61.00	32.50	0.4	-1.1	105.0	10.0	2.4		
UPCOM CABLES,10	12/87	5.92	0.04	10.07	39.50	49.00	21.75	0.1	0.9	395.0				
VAM ORGANIC,10	04/88	5.16	11.72	32.71	161.50	143.00	78.00	9.2	9.5	17.6	30.0	1.9		
VARELI,10	03/88	7.29	13.49	28.50	27.50	62.50	22.50	5.7	0.7	4.8	22.0	8.0		
VIDEOCON,10	09/88	2.75	1.59	15.78	81.25	75.00	18.87	6.5		12.5	18.0	2.2		
VINDHYA TELE,10	03/88	3.90	3.34	18.56	125.00	145.00	68.00	11.3	7.6	11.1	20.0	1.6		
VOLTAS,100	08/88	12.78	31.29	344.84	580.00	580.00	230.00	75.9		7.8	22.0	3.7	81	1:4
VST INDUSTRIES,10	09/87	6.03	12.00	29.90	34.00	30.50	19.00	4.6	2.3	7.4	29.0	8.5	77	3:5
WALCHAND,100	09/87	3.00	35.39	1279.67	12.00	12.50	7.00	1.1	-5.8	10.9			82	1:2
WARREN TEA,10	03/88	3.90	11.49	39.46	70.00	70.00	50.50	8.9		7.9	30.0	4.3	86	1:5
WIMCO,10	12/87	12.67	5.34	14.21	16.25	23.83	10.67	-5.8	-4.6				70	1:5
ZENITH,10	06/87	9.15	13.04	24.25	63.00	81.00	36.00	2.5	3.5	25.2	30.0	4.8	87	1:4
Z F STEERING,10	06/88	2.25	0.80	13.56	59.50	80.00	30.00	3.3	2.0	18.0				
ZUARI,10	12/87	12.43	49.38	49.73	70.00	90.00	34.00	3.5	0.3	20.0	25.0	3.8		

Note EPS This represents the earnings after tax for the full year divided by the number of shares outstanding EPS half year after tax earnings per shares for six months taking into account announced half yearly profits PE ratio of market price to after tax per share Yield: dividend as a percentage of market price

ompany fixed deposits (current for March 1989)

ne of the ipany	Minimum Amount	Rate of interest 1 year	2 year	3 year
	3000	11.50	12.50	14.00
A	3000	12.00	13.00	14.00
O BATTERIES	3000	13.00	13.50	14.00
OK LEYLAND	1000	14.00	14.00	14.00
LLO TYRES	5000	13.00	13.50	14.00
LLO HOS	1000	13.50	13.75	14.00
RROUGHS	3000	—	13.50	14.00
NETT COL	3000	10.50	11.50	14.00
OMPTON	3000	11.00	12.50	14.00
AT TYRES	3000	—	12.50	14.00
RBURATORS	1000	—	14.00	14.00
RBORANDUM	3000	—	13.00	14.00
V LTD	3000	12.50	13.50	14.00
PIRE FIN	1000	14.00	14.00	14.00
FIELD BUS FIN	2000	14.00	14.00	14.00
ELITY LEASING	2000	13.00	14.00	14.00
ST LEASING	2000	14.00	14.00	14.00
NELEC	3000	13.50	14.00	14.00
EAVES COTTON	2000	—	—	14.00
HEAVY CHEM	3000	13.50	14.00	14.00
C INVESTMENT	1000	14.00	14.00	14.00
D SUGAR	2000	—	13.00	14.00
D COCOA	4000	—	—	14.00
RBERTSONS	2000	11.00	13.50	14.00
	5000	—	—	14.00
ERNAT LEAS	3000	14.00	14.00	14.00
ND	3000	—	13.50	14.00
LOSKAR INV	2000	14.00	14.00	14.00
ST DEVLP	3000	13.00	13.50	14.00
VINATOR	2000	12.50	13.50	14.00
MALA SOLVENT	1000	14.00	14.00	14.00
	3000	11.00	12.50	14.00
HIN & MAHIN	2000	11.00	13.00	14.00
DI RUBBER	2000	14.00	14.00	14.00
LTD	1000	12.50	13.50	14.00
RC CREDIT	2000	14.00	14.00	14.00
HIND UGINE	3000	—	—	14.00
LEOD RUSSEL	4000	—	13.00	14.00
DOWELL	3000	12.00	13.50	14.00
GARJUNA IN	1000	14.00	14.00	14.00
GALAKSHMI FL	1000	14.00	14.00	14.00
RSEAS SAN	2000	14.00	14.00	14.00
YCHEM	2000	13.00	13.50	14.00
MIER AUTO	3000	12.00	13.00	14.00
LIPS CARBON	1000	13.00	13.50	14.00
TN	5000	14.00	14.00	14.00
KWELL LEAS	1000	14.00	14.00	14.00
MENS	5000	14.00	14.00	14.00
NES AMAL	1000	12.50	13.50	14.00
IRAM FIBRES	2000	—	13.50	14.00
IRAM PIST	5000	—	13.00	14.00
	5000	10.50	11.50	13.00
THI FINANCE	1000	14.00	14.00	14.00
W WALLACE	3000	—	13.00	14.00
A FINANCE	5000	—	—	14.00
PAR AGRO	1000	14.00	14.00	14.00
CHY FL MILLS	1000	14.00	14.00	14.00
ED BREW	2000	11.00	13.50	14.00
[illegible]	3000	—	13.50	14.00
TED IND ROL	1000	14.00	14.00	14.00
LI TEXTILE	3000	12.00	13.00	14.00
HEMANT FIN	1000	14.00	14.00	14.00
[illegible]	2000	14.00	14.00	14.00
[illegible]	2000	13.50	14.00	14.00

Cumulative deposit scheme (current for March 1989)

Name of the company	Minimum Deposit	Maturity amount	Period (years)	Annual compound rate of interest (%)
ASHOK LEY FIN	1000	4533	3	14.93
ACC	3000	4503	3	14.50
AMCO BATT	2000	3036	3	14.93
ADDISON	2000	3036	3	14.93
ANSAL HOUSING	2000	3036	3	14.93
ASEA	3000	4533	3	14.93
APOLLO HOS	1000	1518	3	17.26
BATA	3000	4503	3	14.90
BURROUGHS WEL	3000	4555	3	14.94
BAJAJ TEMPO	3000	4502	3	14.99
BENNETT COL	3000	4533	3	14.75
CHOLAMANDALAM	1000	1518	3	14.93
CARBURATTORS	1000	1520	3	14.98
CAREW	1000	1510	3	14.73
CROMPT GREAV	3000	4502	3	14.99
DCW LTD	3000	4533	3	14.93
DCL FIN	1000	1518	3	14.93
ENNORE FOUND	2000	3025	3	14.79
EMPIRE FINANCE	1000	1522	3	17.40
ENFIELD BUS FIN	1000	1518	3	17.26
FOODS FATS FERT	5000	7590	3	14.93
FIRST LEASING	1000	1518	3	17.26
GNFC	3000	4503	3	14.50
GUJ HEAVY CHEM	3000	4503	3	14.90
GOVC INVEST	1000	1520	3	17.33
INCAB IND	2000	3022	3	14.90
ITC	5000	7555	3	14.75
INT LEASING	1000	1520	3	17.33
KREST DEV	1000	1518	3	14.93
KANORIA CHEM	3000	4533	3	14.93
KIRLOSKAR INV	2000	3036	3	14.93
KELVINATOR	2000	3000	3	—
KAMALA SOLVENT	1000	1518	3	17.26
MJ PHARMA	3000	4533	3	14.73
MODI RUBBER	2000	3037	3	14.94
MCLEOD RUSSEL	4000	6044	3	14.74
NAMDANG TEA	4000	6044	3	14.74
NELCO	2000	3022	3	14.76
NAGARJUNA INVEST	1000	1518	3	17.26
NAGALAKSHMI FL	1000	1518	3	17.26
OVERSEAS SAN	2000	3036	3	14.93
PEICO	3000	4502	3	14.49
PL FINANCE	1000	1518	3	14.93
PHILIPS CARBON	1000	1511	3	14.74
PREMIER AUTO	3000	4502	3	14.99
SAIL	2000	2950	3	14.34
SIVANANDHA ST	2000	2963	3	14.00
SHRIRAM FIBRES	2000	3022	3	14.75
SAKTHI FINANCE	1000	1518	3	14.93
SHAW WALLACE	3000	4502	3	14.90
THAPAR AGRO	3000	4533	3	14.75
TATA TELECOM	5000	7504	3	14.49
TIRUCHI FL MILL	1000	1518	3	17.26
UNITED BRE	2000	3022	3	14.73
USHA ALLOYS	3000	4554	3	14.93
UPTRON	3000	4533	3	14.75
UNITED INDIA ROL	1000	1518	3	17.26
VARELI TEXTILES	3000	4535	3	14.75
VIJAY HEMANT FIN	1000	1518	3	17.26
WESTERN INDIA	1000	1518	3	14.93
WS INDUS	2000	3022	3	14.75

Note: The list given above is selection of many companies which accept deposits from their shareholders or from the public. Companies offer somewhat lower rate compared to many quite sound private limited companies of partnerships. Readers are advised to take suitable professional advice.

Waiting for the budget

Investors prefer to follow a wait-and-watch policy in the pre-budget weeks and that was reflected in a fortnight of istlessness in the markets.

In the contest (IC 284) under review, we had among the six scrips, Gammon which left all the contestants far from the ape. The share price on 10 February 1989 (the prediction late) opened at Rs.290 and closed at Rs.190.

We hope the budget will rev up the stockmarket and who nows may signal a winning streak!

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these shares as on 24 March 1989, and send in your entry by 14 March 1989. The winner in accordance with the rules printed below, will get a prize of Rs.5,000. In the event there is no winner, the prize will not be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs.5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will not be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official uotation list of the stock exchange (if here is a series of such prices against the ame of the share) will be taken as the orrect answer. The official list of the articular stock exchange, which will be ferred to, is given against the name of ach scrip. If for some reason the stock-arket is either closed on 24 March 1989, r there are no transactions for the six crips chosen below, then the quotations r the nearest working day prior to 24 arch 1989, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 14 March 1989.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of **the Business India group of publications** is entitled to enter the contest.

ame of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 24 February 1989 (Rs)	Variations permitted from correct prices up to (Rs)	Prices as on Friday, 24 March 1989 (Please fill) (Rs)
lfa Laval	Bombay	93.75	1.75	______
ok Leyland	Bombay	70.00	1.00	______
ooke Bond	Bombay	118.00	2.00	______
lgate	Bombay	331.25	2.00	______
ompton Greaves	Bombay	780.00	3.00	______
echst	Bombay	680.00	4.00	______

Name: ______

Address: ______

Age: ______

Profession: ______

Date: ______

IC287

This rolling stone gathers moss

Reena Ramachandran *is director, management services and corporate communications at ONGC*

If you see a news item about one of the Oil and Natural Gas Commission's many oil strikes you can be reasonably sure that Reena Ramachandran, director, management services and corporate communications at the commission, has had something to do with it. Ramachandran has raised the management of the press to a fine art, but that is only one of the feathers in her cap. Though relatively junior in the organisation, she works in close association with the chairman of the ONGC. That gives her both responsibility and power; in fact, she is reputed to be one of the most powerful people in the ONGC.

In her quest for "challenges and exposure", Ramachandran has changed jobs frequently. "Everyone, including my husband, who works in the railways, advised me against changing jobs, saying that it meant losing seniority and terminal benefits," says Ramachandran. She feels that job mobility brings a depth of experience and competence that cannot be achieved by staying in one job.

Ramachandran has two PhD's in chemistry. She got the first one in Allahabad in 1967. She then went to France on a scholarship and received another one for her work there.

On her return she worked as a pool officer in the Council for Scientific and Industrial Research. She was attached to the Central Drug Research Institute at Lucknow where she worked on the application of steroids in family planning.

A big break. After a brief stint at teaching, in 1973, she joined the newly established Department of Science and Technology in the government of India. She was put in charge of the international affairs division of the department. Ramachandran considers this transition as one of her big breaks.

Her previous assignments had been connected with research, so making a switch to administration was, at first, difficult. She recalls she had to take files home to see how notings had to be made. But in time she found that much of the work became routine. "I learnt a lot and met all the people who mattered in government but I needed to do something more challenging," she says.

Her next assignment was with the Cement Research Institute, which she joined in 1976. The institute had developed mini cement technology and Ramachandran's job was transferring this to entrepreneurs. She recalls, "My job was convincing entrepreneurs about the viability of the technology and also convincing financial institutions that the technology was financially viable." Today, there are more than 40 mini cement plants in the country. Not seeing any further new technologies being developed by the institute she decided to switch careers once again.

She applied to the ONGC, and was selected to act as joint manager attached to the chairman's office, working closely with Col S.P. Wahi. Initially, she spent her time building up a database of key information for top management. She rose rapidly and by 1984, she had taken over responsibilities which were then handled by a general manager, a post then two rungs above her.

Today, as director, she has a varied portfolio, which includes managing the press, the monitoring and control of the company's performance, management audit (which she claims has saved ONGC Rs.500 crore a year), answering parliamentary questions and filing returns to the government.

For the future, her ambition is to have independent charge of a company, she says, she doesn't mind even if it is one that is not doing very well because she would then be in a situation where she could show results fast.

EAPEN THOMAS

FRONTRUNNERS

Arvind Sethi couldn't have had a more 'propah' education — Mayo College, Ajmer, public school in England, and a postgraduate degree in philosophy and economics from Oxford, with an Oxford Blue in golf to boot. In 1979 he returned to India, and swept by the post-1977 glamour and romance of journalism, he joined *The Economic Times* as an assistant editor.

In 1981 Sethi moved to Grindlays Bank, because, he says, "Some of the glamour and romance of journalism wore out and I always knew I could go back to writing." Five weeks of intensive training and Sethi got thrown into the deep end of foreign exchange dealing. Today, at 31, Sethi is manager — treasury and sees his major task as getting the four Grindlays dealing rooms to work cohesively as one unit. But Sethi plans to get out of forex eventually and get into mainstream banking.

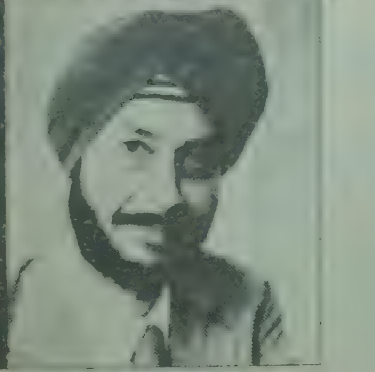
For the superstitious, the number 13 can have a paralysing effect. But for **Anil Singhvi** it's been more than just lucky. A chartered accountant rank holder, Singhvi stood 13th in the exam, which he completed when he was 21.

After three years at Blowplast and a short stint at Century Enka, Singhvi joined Gujarat Ambuja Cements in 1986 as deputy finance manager. Today, at 28, he's finance manager of the organisation, holds additional charge for development and diversification and reports directly to the managing director.

In spite of having set a scorching pace which will be hard to emulate by those who follow, Singhvi is blase about his success. He says, "This is a young organisation. Even the MD is only 38." Singhvi's aim is to get into senior level general management.

APOLLO TYRES LTD

CHAIRMAN'S STATEMENT



MR RAUNAQ SINGH

The following is the statement given by Mr. Raunaq Singh, Chairman & Managing Director at the 16th Annual General Meeting

HIGHLIGHTS

- ★ DIVIDEND OF 25%
- ★ EARNING PER SHARE ONE OF THE HIGHEST FOR THE SECOND YEAR RUNNING
- ★ FREE RESERVES GONE UP TO RS. 13 CRORES
- ★ MODERNIZATION AND EXPANSION OF COCHIN PLANT COMPLETED
- ★ TEMPO OF PRODUCT DEVELOPMENT MAINTAINED
- ★ POISED FOR A QUANTUM JUMP IN SALES AND PROFITS
- ★ BUSINESS ENVIRONMENT OFFERING BRIGHT PROSPECTS FOR GROWTH AND DIVERSIFICATION
- ★ DIVERSIFYING INTO NEW FIELDS
- ★ SECOND TYRE PLANT COMING UP IN GUJARAT

Dear Friends,

I have great pleasure in extending to you a hearty and cordial welcome to the 16th Annual General Meeting of your Company. The Annual Report and Audited Accounts for the year ended 31st October, 1988 have already been circulated. With your permission, I will take them as read and welcome any comments and suggestions.

A Year of Consolidation

The year under review was a satisfying one in many respects, with increase in sales turnover, profit, reserves and consumer preference for our established as well as new products. If 1985-86 and 1986-87 were years of revival and reconstruction, 1987-88 was certainly a year of consolidation for your Company. Emphasis continues to be on quality, efficiency and excellence. Your Company is now poised for a quantum leap in sales turnover and profit in the coming years, since investments in men, machines, technology and quality have started paying dividends.

Financial Highlights

Sales and other income for the year totalling Rs. 155.57 Crores, and gross profit of Rs. 18.92 Crores were higher than previous year, despite increase in raw material and operational costs. Profitability was maintained through efficient utilization of materials and close monitoring of product-mix. Earning per share continued to be one of the highest in the Tyre Industry for the second year in succession. This is a commendable performance. With free reserves of Rs. 13 Crores, your Company is in a strong financial position for further growth and diversification.

Dividend

The Directors have recommended a final dividend of Rs. 1.25 per share (12.5%) making a total of Rs. 2.50 per share (25%). This will absorb Rs. 2.10 Crores besides payment of 11% dividend to preference shareholders.

Exports

In 1987-88, your Company exported Rs. 3.73 Crores worth Tyres & Tubes to such diverse markets as UK, Australia, Egypt, Afghanistan, UAE, Qatar and Bangladesh. In the pursuit of our drive to increase exports from availability of additional production capacity a major thrust has been planned to enlarge international market base. The products of the company are well received in the international markets and have established brand superiority by virtue of quality, prompt delivery and after sales service.

Your Company has been awarded a Certificate of Export Recognition for its export achievement in 1987-88, for the third year in succession.

Your Company is committed to the national objective of reducing trade gap and considers its duty to contribute to the endeavour for maximising exports. Sustained efforts would be made to explore new markets, upgrade quality, and maintain a high level of service to satisfy the customers abroad.

Modernisation, Expansion & Diversification

The Scheme of Modernisation and Expansion of the plant at Cochin has been completed and trial runs have started. During the current financial year partial benefit of the additional production capacity would be available. Equally important would be the accrual of immediate benefits by way of quality upgradation, process control and cost savings. With higher production at the existing location, your Company will be in a position to service all segments of the market judiciously and in the process increase its market share.

To encash the growing goodwill and brand preference for its products, your Company has decided to set up a plant in the State of Gujarat to manufacture Automobile Tyres and Tubes.

Your Company has already diversified in the field of lease finance through the wholly owned subsidiary — Raunaq Finance Ltd., during the current year and has further active plans to diversify into new fields like Pipe laying, Drilling and Coating contracts and other design engineering, consultancy and management services, in joint participation with reputed foreign companies. We have also plans to diversify by promoting a Company in joint participation with the object of rendering onshore and offshore drilling services.

Product Development

Product excellence and quality leadership have been the creed of your Company. During the year a new Drive Wheel Truck Tyre "XT-9" was developed with the specific objective of bringing down operating cost per kilometre. This tyre has been successfully test marketed and is being nationally launched. Radial tyres for light commercial vehicles have been successfully developed after painstaking laboratory and field research. Yet another breakthrough is the development of Radial Tyres for Passenger Buses and Oil Tankers. These are ideally tailor-made for Indian Roads. There are many more products in the pipeline which are in different stages of development. As I mentioned last year, your Company would like to retain its leadership not merely through "Quantity" but through "Quality" and is fortunate to have access to the latest technology of General Tire International Corporation USA and through them of Continental Gummi Werke GmbH, West Germany. Other established brands of your Company viz. Hercules, Amar, Krishak etc. continue to fare well and gain increasing market acceptance. Our constant endeavour is to upgrade these brands too and give better value for money to the customer.

Raw Materials

Domestic production of some of the critical raw materials like Nylon Tyre Cord, Polybutadiene Rubber (PBR) and Carbon Black did not keep pace with the rising demand, resulting in disruption of production of some of the units.

Tyre Industry has repeatedly appealed to the Government to permit import of critical Raw Materials at reduced import duty, till such time as the domestic manufacturers are able to meet the rising demand. With the revival of economy in general and Automobile industry in particular, the Tyre Industry is on the verge of a spurt in production. Any further delay in taking decision by the Government will result in a missed opportunity and crippling shortages.

Yet another area of concern is availability and price of Natural Rubber. With the spurt in international prices and incidence of high import duty, the release price of STC is being successively hiked. The Tyre industry is not in a position to bear the extra burden. Therefore, I appeal to the Government to reduce import duty on Natural Rubber to enable STC offer the material at a fair price of Rs. 17,000 per tonne which had been earlier agreed.

Import of Tyres

As I mentioned last year, the decision to permit import of Bus and Truck Tyres under OGL with a concessional rate of duty of 105% will neither promote import substitution nor accelerate industrial production. Instead, it will only dampen the export promotion effort. So far, no major imports have taken place and the industry is able to cater to all segments of demand comfortably and at a fair price, despite steep increases in raw material costs. I once again appeal to the Government to permit import of critical raw materials with import duty not exceeding 65%, instead of importing finished products, for which there is abundant production capacity in the country.

Corporate Philosophy

Starting on a modest scale not long ago, Apollo has taken giant strides. I attribute this to the underlying human spirit which is difficult to quantify. What has spurred us to greater heights are our commitment to self reliance, unshaken faith in quality and sincere endeavour based on honest principles to rise above the mundane and the ordinary. We have set ourselves the following corporate objectives:-

- Build a solid foundation in terms of achievements, aspirations, assets and people.
- Cater to every segment of the Tyre market by broad basing the Company's product range.
- Continuous stress on quality to maintain leadership.
- Optimum blending of resources like men, money and machines to achieve quality and total customer satisfaction.
- Be an efficient Company with steady growth in earning in the interest of our investors.

We are in the midst of very exciting and rewarding times with new insights into what customers expect today and plans are afoot to ensure that we live up to these expectations.

Business Environment

Thanks to the efficient management of the economy and liberalization measures initiated under the guidance and dynamic leadership of our Prime Minister, Mr Rajiv Gandhi, the Indian economy is in a strong position and has withstood the onslaught of three consecutive years of drought. Fortunately, we were blessed with a bountiful monsoon this year. A record food grain production of 166 million tonnes has been forecast for 1988-89. Industrial growth continues to be buoyant at 9-10%. Overall growth of economy has been estimated at 9% bringing the average for four years of 7th Five Year Plan to 5%. This is certainly an impressive growth rate compared to the historical trend of 3.5% p.a. and it appears the economy has entered a new growth phase.

The investment climate has brightened considerably judging by the buoyancy in the stock market. Foreign investments are also on the rise. With [illegible] the demand for [illegible] consumer goods is expanding.

On the international front, political [illegible] economic environments have both [illegible]ened up. Thanks to the diplomatic [illegible]tives taken by our Prime [illegible] opportunities are opening up for [illegible] trade relations, joint ventures and [illegible] cooperation in neighbouring and [illegible] countries. This is the right time for [illegible] and Government to work hand in [illegible] make the Indian economy strong [illegible] and growth-oriented. The Central Bu[illegible] for 1988-89 will be presented to Parliament on 28th February, 1989. I [illegible] a few suggestions for consideration of Government.

(a) To augment tax revenues through better compliance, I would suggest a [illegible]imum tax rate of 40% for both Corporate and individual incomes.

(b) With bountiful monsoon in 1988 the 5% drought surcharge has lost relevance and needs to be withdra[illegible]

(c) Intercorporate investment is an effective instrument for expansion [illegible] diversification of corporate activi[illegible] Exemption of inter-corporate divi[illegible] from tax will go a long way in acce[illegible]ating Industrial growth.

(d) Customs duty on project imp[illegible] needs to be reduced drastically, if [illegible]jects have to be viable with depr[illegible]tion of Rupee against major inte[illegible]tional currencies.

(e) In the Eighth Five Year Plan, pr[illegible] sector has to play a major role in m[illegible]ization of resources for investm[illegible] Therefore, parity needs to be es[illegible]lished between private sector and [illegible]lic sector bonds with regard to [illegible] concessions.

(f) A system of graded excise/cust[illegible] duty needs to be introduced with [illegible]dence being minimum for [illegible] materials.

A heartening change in recent years [illegible] been the frequent dialogue between Gove[illegible]ment and Industry in various forums, w[illegible] has brought about a feeling of partic[illegible] in the nation building effort. A total shi[illegible] policy of trust and fiscal control "from [illegible]picion and physical control" is in evide[illegible] This augurs well for the future whe[illegible] have to face stiffer challenges in the [illegible] century.

A Special Message

It is a matter of pride for all of us that [illegible] Company got due recognition at the va[illegible] Stock Exchanges and with your supp[illegible] feel the Company would continue to [illegible] the patronage of all concerned. On beh[illegible] the management I would like to assur[illegible] that all possible efforts would be ma[illegible] live up to the faith and confidence rep[illegible] by you. I look forward to your cont[illegible] support in all future ventures of your [illegible]pany to mutual benefit.

Acknowledgements

I would like to express my sincere than[illegible] Central Government, Government of [illegible]ala, Financial Institutions, our Bankers [illegible] General Tire International Corpor[illegible] USA for their continued co-operation [illegible] assistance to the Company. I would al[illegible] to offer my grateful thanks to our s[illegible]holders, customers and suppliers [illegible] unflinching faith in the Company. Fin[illegible] would like to record my deep apprecia[illegible] for the dedicated teamwork of wor[illegible] staff and management.

Thank[illegible]

Cochin
14th Feb 1989

RAUNAQ SIN[illegible]

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

hrow a brick, these days, and 'll bean a corporate high- r who wants to own a news- r. After all, the power of the n in this country is still ar- ably more effective than the wer of money. So, despite the t that the J.K. Singhanias are l having problems pushing the sales of their three-year- Bombay daily, *The Indian st*, and despite the Orkay dras' disastrous experience h the magazine, *Commerce ekly*, business houses are

ueueing up to get into publish- g.

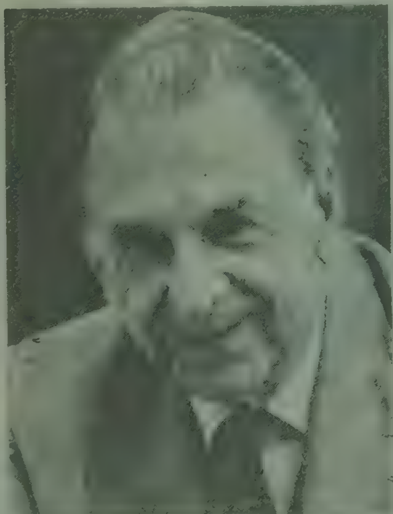
It was revealed last fortnight at the Ambani family had ught over *Commerce Weekly*, e of the oldest publications of kind in the country, and that *jay Mallya* might revive *Busi- ss Update*, the magazine that sed publication a few nths ago. The liquor tycoon t hold of *Update* as part of his quisition of Western India ctors whose then chairman, S. Wardekar, had invested in h the equity and in advance ns for the magazine.

Two other rumours of indus- alists getting into publishing: u Chhabria's trying to ac- re the Bombay daily *Free ss Journal*, and Sanjay Dal- wants to buy over the Delhi day paper, *Sunday Mail*.

And as if to get back at the iness houses which have poaching on *The Times of a*'s territory, the newspaper p announced its intention fortnight that it will set up bsidiary company to put up s 155-crore plant in Uttar desh to manufacture poly- ne and ethylene.

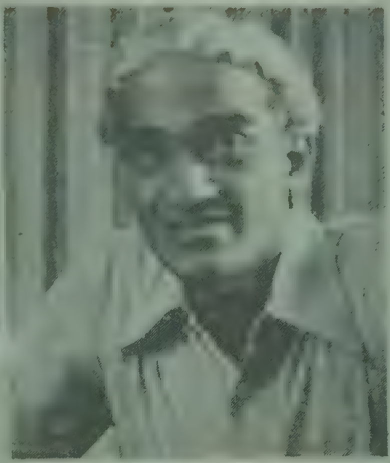
Innovativeness has not been the greatest of hallmarks of the mess-ridden world of Indian aviation. There isn't anyone among the present generation of managers one could call a visionary, leave alone calling someone a hero. And so it is not surprising that the one and only hero of Indian aviation continues to be bestowed with honours right into the twilight of his life. It has been revealed that the 85-year old **J.R.D. Tata** will receive the prestigious Daniel Guggenheim Award for 1988 at a ceremony to be held sometime in July. The annual award instituted by the US-based Daniel Guggenheim Medal Fund is given to pilots, engineers, scientists and airline planners who "constitute an aviation honour roll of pioneers and trail-blazers in the saga of man's conquest of the heavens."

Last fortnight JRD was also the subject of a photographic exhibition organised by the



Boeing Company in New Delhi at the India Trade Exposition. "His vision, energy, imagination and his ability to transform ideas into facts have helped shape our industry and our world," Boeing said in a commemorative ad issued in Indian newspapers. There isn't anyone who'd disagree.

It is only appropriate that he should have been given Indian advertising's most coveted honour in the year his agency is celebrating its 60th anniversary. **S.R. (Mani) Ayer**, the popular managing director of



OBM India, has been admitted to the Advertising Club of Calcutta's Hall of Fame. There have been only two others thus honoured so far — Alyque Padamsee and Frank Simoes. Ayer was selected this year, according to the club, for his 'unflinching service to the profession and to fields beyond advertising in a distinguished career spanning over three decades."

S.Karivaradhan, the Coimbatore-based executive director of Laxmi Card Clothing Company, says he spends all his spare time on motor sports. The 33-year-old, soft spoken textile engineer walked away, rather drove away, with the McDowell Grand Prix trophies at the All India motor races held at Sholavaram, near Madras recently. What attracted a lot of attention was the formula Indian class with the Maruti engines.

Karivaradhan, who was racing with the formula Maruti car for the first time, found no major technical faults, and averaged a speed of 107 kmph. "Coimbatore has a good engineering base, and for more than 50 years the city has been enthusiastically pursuing motor sports," he concludes.

So who's been seen these days on Pune streets in his trademark white on a sleek Kinetic Honda rushing to concert halls? It is not very easy to guess, we concede. He moved around in a '48 Pontiac or an old Mercedes before. He sings for a living, is known for his fierce temper and is a legend.

At 68, **Pandit Bhimsen Joshi**, the renowned Hindustani classical singer, has become the rather unusual owner of a Kinetic Honda. Last fortnight he was presented the company's 10,000th scooter sold in Pune, by the managing director, Arun Firodia. So what's going to be Kinetic Honda's next ad line? "If music be the food of love, ride on?"

KRISHNA GROUP

FROM Rs.55 LACS IN '78 TO Rs.40 CRORES IN '88:

7,300% GROWTH IN 10 YEARS!

Manufacture of fancy yarns at plant equip[illegible]
[illegible]
capacity 4 tons per day 1200 tons a year

Processing of synthetics and cottons at fully computerised plant with latest installations. Installed capacity 1,50,000 metres per day, [illegible] year.

Circular Knitting at Asia's largest and most modern knitting plant equipped with 350 machines. Installed capacity 1,25,000 metres per day, 400 lacs metres a year.

[illegible] with 5 Hinson-Scragg (U.K.) high spe[illegible] texturising machines and 10 Lohia—ACBF (France) two-for-one twisting machines. Installed capacity 6 tons per day, 2000 tons a year

The history of Krishna Group is a [illegible] Founded in 1958 by Shri Ram Pratap Taya[illegible] today encompass knitting, processing, [illegible] twisting and texturising. Its success has been [illegible] through [illegible]

Krishna Hosiery Mills Pvt.Ltd.
[illegible] knitting machines, the installed capacity has [illegible]

Shree Ganesh Knitting Mfg. Mills
[illegible]

per day for exporters and local manufacturers like KT Corpn, Kiran Knit P. Ltd & Saraf. Other clients include VIP, Victor, Proline, Elegant, etc.

Shanti Synthetics & Processors Pvt. Ltd. A computerised synthetic processing plant was established in [illegible] fancy suitings and shirtings.

Krishna Knitwear Inds. Pvt. Ltd.
58 machines for spinning, doubling and fancy [illegible]

Over the last ten years, turnover has grown at a stupendous pace. Group sales have shot up from Rs. 55 lacs in 1978 to Rs. 40 crores in 1988, and are expected to cross Rs. 55 crores by March, 1989 representing hundred-fold increase. To cater to the ever growing demand, a comprehensive marketing network has been established with full-fledged offices in Bombay, Delhi, Calcutta and Ludhiana.

Hav[illegible] the field of yarns and [illegible] by the [illegible] demand, Krishna Group has promoted a new venture in 1987—Shree Krishna Petro Yarns Ltd. [illegible] its fold to share the prosperity

Soon, a rewarding investment opportunity:

SHREE KRISHNA PETRO YARNS LTD.

A growing company is going public!

Let down by the budget

The much awaited budget brought little [illegible] to most private sector managers. The marginal reduction in the tax rate at the lowest tax slab, which entails a maximum saving of Rs 350 a year, can hardly be called a concession for the salaried employee. The increase in the surcharge (whatever it is called: drought or employment generation!) from 5 per cent to 8 per cent for those with taxable salaries of over Rs 50,000 served to add to managers' frustration. Of course, the increase for most employees (within the Rs.1 lakh slab) would be under Rs.800 a year. Not significant, but a source of constant grouse.

The hike in professional tax from Rs.250 a year to a maximum of Rs.2,500 a year adds a significant burden to salaried employees at the lower end. The budget has provided for a full deduction from the taxable income of this amount but this means that at the taxable salary slabs below Rs.40,000 there will be an increase in the overall tax paid despite the lowering of the tax rate to 20 per cent. In fact, professional tax is applicable to all salaried employees drawing over Rs.1,200 per month irrespective of whether they are tax payers or not. This issue comes under the purview of states and cannot be regarded as a uniform measure across the board. Yet the implication of this enhancement is that a large number of non taxpayers will, in effect be paying at least Rs.50 to Rs.150 per month more as tax.

No incentive

Most managers were expecting an increase in the 80 C limits which would provide greater incentive to savings in the form of contributions to PPF, NSC, NSS etc. This is to be viewed in the context of the government's proposal to amend the Provident Fund Act and raise the minimum contribution to 10 per cent.

The current 80 C provision provides for 100 per cent deduction for specified savings including PF contributions, up to Rs.6,000 a year and a further deduction of 50 per cent of savings amount for the next Rs.6,000 savings and 40 per cent on the balance savings. If you consider that even employees in junior management (not to speak of a significant number of workmen and clerical staff) have a monthly basic salary + dearness allowance of about Rs.3,000 a month, the PF contribution itself would be Rs.3,600. A minimum life insurance premium for a cover of around Rs.50,000 to Rs.60,000 would entail a premium of about Rs.2,500 a year for a 25-year-old. Hence any further savings would qualify for only 50 per cent deduction.

There was clearly a need to increase the 100 per cent limit to at least Rs.10,000 if the intention was to give a genuine boost to savings. It is not too late for the finance minister to make this amendment!

Prior to the budget, there have been certain amendments in the Direct Taxes Amendment Bill. The most important one related to the clarification on the definition of "income". Income is now sought to include all allowances and reimbursements to the employee except those specifically exempt. Currently only LTA and medical benefits are exempt subject to the specific provisions that apply to these benefits.

The hike in professional tax from Rs.250 a year to a maximum of Rs.2,500 a year adds a significant burden to salaried employees

Prior to the budget, there were several newspaper reports on the taxability or otherwise of various benefits. Reports on the Hindustan Lever case, subsequently clarified as being under appeal, added to the general confusion. In most companies ambiguities on the treatment of perquisites such as reimbursements for servants wages still persist. A significant aspect of the order passed in the Lever's case is attributing one-third of wages paid to servants and drivers, to the employee's account. The confusion caused by the premature publicity to the Hindustan Lever matter has been dispelled at last. The finance bill has now clarified that the standard deduction of Rs.12,000 will apply uniformly whether or not conveyance is provided by the company. This is a welcome measure.

Another important aspect that was not considered in the budget was relief for salaried employees in high cost cities, especially Bombay and perhaps Delhi. Housing remains a serious problem in these cities and spiralling house rents together with the higher cost of living substantially reduce real incomes. The expectation that an exemption for a city compensatory allowance was in the offing has also been belied.

The two savings schemes announced, namely, contributions to the National Housing Bank and the equity linked savings scheme, are still not totally clear on detail. Hence their likely impact is diffcult to determine. What is not clear is why the current HDFC savings linked loan scheme was not included in the 80 C deductions. Whilst the government's objective in providing relief to the poorer sections of society is indeed laudable, 80C relief for contributions towards housing upto 40 sq. metres, approximately 420 sq. ft. seems strange. Except for a city like Bombay where such an apartment could cost Rs 2.5 lakhs in a middle class locality, in other cities it would cost around Rs.one lakh. Most employees buying such an apartment would probably not need any tax relief as they would not be in the taxable bracket.

Looking after themselves

The equity linked savings scheme will be eagerly awaited since it is also expected to serve the purpose of bringing in more savings into the capital market. However these schemes will also fall into the purview of the current 80 C savings.

It must be remembered that most of our senior civil servants and public sector employees are today in the taxable bracket of at least Rs.60,000 and the motivation to save on taxes (approximately Rs.15,000 a year at this level) is quite high. So there is scope for increasing savings through adequately attractive schemes. It would in the long term also ensure that the employee himself provides for his retirement to a greater degree rather than relying only on pension schemes.

The lack of relief to the salaried employees has only ensured that companies have to continue with a complex compensation structure to attempt to put adequate money in the employees' hands. Because as in the case of shortage items, in an inflationary situation, the real need for more disposable income is fulfilled whether by fair means or otherwise.

■ ANITA RAMACHANDRAN

JINDAL STRIPS LTD.

Regd. Office. Delhi Road, Hisar (Haryana) Telephone: 3631 (3 Lines) Telex: 0345-201 JSL IN Grams: "HOT STRIPS"

Address of the Chairman Shri O.P. Jindal at the Seventeenth Annual General Meeting held on 26th of December 1988

Sh. O.P. Jindal.

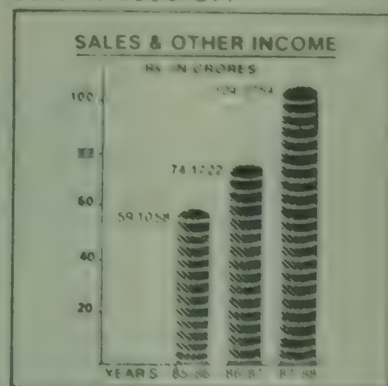
Ladies and Gentlemen,

It gives me immense pleasure to extend to all of you a warm and cordial welcome to the 17th Annual General Meeting of the Company

The Annual Accounts and the Directors'Report highlighting the operations of the Company for the year ended 30th June, 1988 are already with you and with your permission, I shall take them as read.

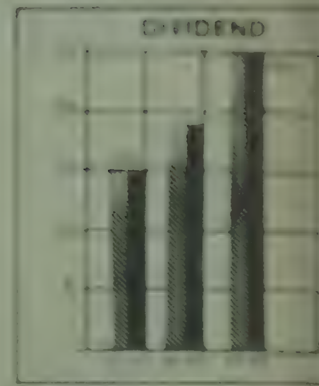
HIGHER TURNOVER, PROFITS, DIVIDEND

Once again your Company has produced excellent results achieving a growth of 40.59% in sales to Rs.104.27 crores during 1987-88 following a rise of 25% in 1986-87.



Gross Profit before Depreciation and tax has gone up by 89%. The profit available for appropriation has gone up from Rs.186.7 lacs to Rs.573 lacs and in keeping with it, the Directors have been pleased to recommend a higher dividend of 25% as against 18% last year.

The Company has continued its policy of ploughing back profits to consolidate its leadership in the competitive field. Your Company's reserves now stand at Rs.14.74 crores and the book value



of the Company's sha at Rs.54.6 Because o strong financial posit the Company is conf of reaching substant higher levels of produ and expanding its pr line in future

I am sure you must h taken note of rise in profitability which principally the result Company's ongoing modernisation progra without time and cos runs and its ability to quickly guage and ad to the market situatio Raw material procure and prices posed a m challenge last year as referred to in the Directors' Report but management was abl cope with this successfully.

MODERNISATI

The Directors are of t opinion that the Com is in one of the most promising and challe industries in the cou Our country imports present, steel of vario grades valued at Rs.1 crores and in the opi of experts, the countr continue to be a net importer of flat rolled even at the turn of th century. This is inspit the fact that consump of steel per capita in is one of the lowest world.

Your Company has considerable experie

... and financial ... to meet with the ... and explore the ... further growth ... The ... has drawn up a ... to prepare ... such as Hisar and ... Sheets ... The company's ... to achieve the ... innovation ... low cost ... productivity ... resource and ... relations with ... customers and ... The ... on going ... modernisation programme ... the above ... will gain ... momentum in the ... to come.

... it is becoming a ... in the country to set ... at huge ... costs, your ... Company has been ... higher ... through ... but regular ... of balancing ... and raising ... of the installed ... At Hisar it ... been planned to raise ... productivity of the ... sector ... Measured to ... power ... have also ... A wide width ... continuous slab casting ... strip rolling facilities ... being installed to ... to facilitate ... production of wider width ... steel products. ... in view the ... Government policy of ... encouraging the use of ... sponge iron, necessary ... equipment is also being ... installed. Similarly at ... (Bombay) unit ... modernisation will result ... higher productivity and ... range of products.

As a result of the installation of the Captive Power Plant last year under the modernisation programme the Company was able to withstand the power cuts arising out of unprecedented draught and achieve higher production.

The Company has set up pilot plant facilities for research and development for innovative/technology for the future, and it will report the progress from time to time.

BUSINESS ENVIRONMENT

The year under review witnessed the third consecutive failure of monsoon. We sincerely compliment the Central and State Administration for having dealt with it in a manner that has raised the country's prestige in the eyes of the world. It is a measure of our Government's ability that the industrial production rose by 7% in a draught year.

Nature has been bountiful this year and we can look forward to bumper food crops. Ground water table has also risen in the whole of the country and therefore the nation's ability to withstand a poor monsoon in 1989 has also gone up. The demand for both capital and consumer goods is strong and we look forward to a double digit growth in the economy.

Market for your Company's products continues to be satisfactory. We are making a constant endeavour to retain our leadership in the field of stainless steel through quality upgradation and developing industrial grade sheets. Hisar is the only plant in the country capable of producing stainless steel H.R. coils. Your Company is also proposing to introduce hot rolled coils of higher grades for which consumers are dependant on imports to a considerable extent. **The demand for cold rolled strips is likely to remain brisk in the near future because of fast growing uses of the product. Several GP/GC sheet manufacturers who are major consumers of these sheets are expanding their capacity. The Company is also working on introduction of valueadded cold rolled sheets to gain more market share.**

Considering the cash flow that should be available to the Company after meeting the needs of current modernisation, the Company is looking at some new projects. At the appropriate time we will tell you more about it.

INDUSTRIAL RELATIONS

The management holds the highest esteem for its workers and continues to pay full attention to their needs and welfare. We believe that no organisation can be said to be well managed unless there is complete unity of purpose between the employees and the management. We have the satisfaction that such a unity prevails in your Company. Every effort is made to see that possible conflict is scotched at its root. I must express my gratitude to the employees of our Company for their loyalty and application. I have no doubt in my mind that without their co-operation our ability to innovate and optimise would have hardly been possible. Human resource development is one of our most important aspect of Management.

ACKNOWLEDGEMENTS

It is my pleasure to express our sincere thanks to the Central Government and Governments of Haryana and Maharashtra particularly the Minister of Steel and Mines Shri. M.L. Fotedar, whose support and guidance have come readily and in full measure.

Our gratitude is due to all financial institutions and banks, for their financial assistance and co-operation. I am grateful to my colleagues on the Board specially the Nominee Directors past and present for their enthusiastic participation and wise counsel at all times.

I would be failing in my duty if I were not to extend acknowledgement on behalf of our Shareholders to the Selling Agents of the Company who are doing a difficult job so well and to all of the exceptionally devoted and hard working officers, staff and workers of the Company who are really responsible for our success.

JAI HIND

Note: This does not purport to be a report of the proceeedings of the Annual General Meeting.

JINDAL

Extracts of

CHAIRMAN'S SPEECH

Industrial **Credit** & Development **Syndicate** Limited

Delivered at the Seventeenth Annual General Meeting of Industrial Credit & Development Syndicate Limited

Dear Shareholders,

It gives me immense pleasure to welcome you all to this Seventeenth Annual General Meeting of the Company.

Economic outlook bright

With the timely presence of monsoon all over the country, the economic activity during the current year has picked up and is in the positive direction. This is reflected in a marked improvement in the Financial Services Companies also.

New avenues

The growing acceptance by primary lending institutions of hirepurchase and leasing activities as an industry is a welcome change. This would also regulate the industry towards positive development. The avenues of hirepurchase and lease financing are also widening to include consumer financing in a larger way.

Hirepurchase should cover construction activities also

Government should seriously consider permitting Hirepurchase Companies to finance housing activity. I feel this proposal will definitely find favour in view of Government's desire to provide shelter to larger sections of the population. **This has become more relevant now in view of 1989 being declared as the International Year for Housing.**

Similarly, it would be a great relief to business houses in permitting them to acquire their business premises through hirepurchase. To that extent their funds position could be better utilised instead of blocking the same on capital costs.

Excellent performance by Credit Syndicate

In my speech for 1986-87, I had mentioned about the progress in general of the Company and had indicated that 1987-88 would be a year to look forward with great expectation. The Company has stood upto these expectations and has made remarkable alround progress.

Performance at a glance

Rupees in lakhs

Year	85	86	87	88	Year	85	86	87	88
Advances and Investments	2118	2785	3959	6076					
Operating Profit	316	518	626	932	Dividend (%)	20	20	25	25
Deposits	1538	2169	2933	4562	Earning per share (EPS)	Rs. 2.86	Rs. 6.79	Rs. 8.47	Rs. 13.74
Capital and Reserves	295	364	527	1176	Proposed Bonus Issue			In the ratio of 1:1	

Reaching peak levels

Your Company created corporate history among hirepurchase and leasing Companies by reaching peak levels in mobilising fixed deposits in 1987-88 also; for the second year in succession. Consequently, your Company had to suspend acceptance of fixed deposits for some time, which was later, resumed after publication of results for 1987-88. The Company now has a target of mobilising deposits upto Rs. 100 crores. As of now, the Company's deposits stand at Rs. 55 crores.

New business

Your Company in the first quarter has been able to tie up business under various schemes to the extent of Rs. 9.61 crores at attractive rates.

Branch expansion

In view of the excellent response that is being received from the public to the Company's Fixed Deposit Schemes and other services, viz., Hirepurchase and Leasing, it has become necessary for the Company to go in for a massive expansion. It is now proposed to have branches with safe deposit vaults in important cities in Southern India.

Diversification

The Company has diversified into three areas through its subsidiaries, viz., (1) Blue Cross Builders and Investors Limited — for property development, (2) Canara Security Press Limited — for printing of security items and (3) Manipal Investments Limited — for Equity Investments in well-known Companies.

Manipal Centre, the Rs. 20 crore project, slated for opening in November, 1989, on completion, will become Bangalore's prestigious commercial complex. Ninety per cent of the office space has been sold in a record time. Showrooms in this complex are also being offered for sale on lease-cum-sale basis and the response has been very good. A Three Four Star Hotel with 148 rooms is also planned in this complex.

Bright future

In conclusion, it could be safely asserted that the Company's performance during the past has been very encouraging and the prospects for the coming years are very bright.

Manipal
17th December, 1988

T. Ramesh U. Pai
Chairman & Managing Director

Note: This does not purport to be the proceedings of the Annual General Meeting of the Shareholders

reda Swaminathan has ned Advertising and ales Promotion ompany as vice-resident, Calcutta.

B.K. Saha has taken over as managing director, Bird group of companies.

Vijay Meghani has been appointed as chief representative in India of the Frankfurt-based BHF Bank.

K.L. Kapur has assumed charge as director (finance) with W.H. Brady and Co Ltd.

.N.J. Raman has joined he Essar group of ompanies as advisor personnel and dministration).

Vijay Kher has been appointed director (marketing) of Oberoi Hotels, India.

M.B. Joshi has taken over as works manager at the National Bicycle Corporation of India Ltd.

P.N. Suri has been elected as chairman of Export Promotion Council for Handicrafts.

Dr. Triguna Sen has been elected to the board of Hawkins Cookers Ltd as additional director.

N.S. Makhijani has joined Datamatics as marketing manager.

Raj Sujan has been appointed as managing director of Classic Financial Services & Enterprises Ltd.

R.D. Bajaj has taken over as general manager (finance) of Bharat Petroleum Corporation Ltd.

A.K. Agarwal has taken over as general manager (audit) of Bharat Petroleum Corporation Ltd.

S.A.A. Pinto has been appointed as director of Meher Pharma (India) Ltd.

Rajesh Asher has joined as general manager (finance) of Aristo Laboratories, Bombay.

H.J. Dave has been appointed general manager at Haldia Refinery.

B.B. Dutta has been appointed deputy chairman of the Calcutta Dock Labour Board.

ASSOCIATIONS

.Z. Qasim secretary epartment of Ocean evelopment has been ppointed chairman of he Experts Committee r Offshore and Marine ndia '89.

iten Bhaya, member, lanning Commission, as been appointed hairman of the Advisory oard of Chemtech '89.

Jal Patel has been elected president of the Federation of Gujarat Mills and Industries. **Atul Patel** has been elected senior vice-president.

M.T. Paul, Indian Aluminium, has been elected president of the Cochin Chamber of Commerce and Industry for 1988-89.

C.R. Sasi has been elected chairman of the Institute of Electrical and Electronics Engineers Inc, Madras section.

Meer Wajid Ali has been elected president of the Aligarh Management Association. **Rishadat Shahab** has been elected vice-president.

Jay Narayaan Vyas has been reappointed a member of the NRI Consultive Committee.

Major L.G. Fonseca has been elected chairman of the Powai Saki Industrial Welfare Association.

Senior executive positions

A compilation of executive positions advertised in **Business Indi** and other major publications between 13 and 26 February 1

NATIONAL

- GENERAL MANAGER * *Sal* Not a constraint + housing * *Age/Qlfn* Around 45 years * Engineering * *Reqd* 10 years management experience * *Cont* Box No. AA/286/LB/3, Business India, Wadia Building, 17/19 Dalal Street, Fort, Bombay 400001 (BI - 20.2)
- GENERAL MANAGER (Finance) * *Sal* According to calibre * *Age/Qlfn* Around 40 years * Outstanding chartered accountancy qualifications * *Reqd* 8-10 years experience as accounts head, exposure to the electronics industry desirable * *Cont* The Managing Director, Modi Olivetti Ltd, 13th Floor, Hemkunt Tower, 98 Nehru Place, New Delhi 110019 (BI - 20.2)
- GENERAL MANAGER (Operations) * *Sal* Attractive * *Age/Qlfn* NS * Graduate in mechanical engineering * *Reqd* Minimum 15-20 years experience with at least 6/7 years at a senior management level * *Cont* Human Resources Consultants, B-21 Nizamuddin West, New Delhi 110013 (HT- 24.02)
- CHIEF EXECUTIVE * *Sal* Attractive compensation package * *Age/Qlfn* Graduate in computer science or engineering * *Reqd* 10 years experience in marketing/development of software/operating systems * *Cont* A.F. Ferguson Associates, Hansalaya, Barakhamba Road, New Delhi 110001 (ToI - 20.2)
- MARKETING CONTROLLER * *Sal* Rs.1.5 lakhs * *Age/Qlfn* Around 40 years * B.Sc. with management * *Reqd* Achievements in marketing pharmaceuticals, 10 years senior level experience in a reputed pharmaceutical company * *Cont* The Joint Managing Director, Chemsoyn Ltd, Themis Pharmaceuticals, 38 Suren Road, Andheri (E), Bombay 400093 (BI - 20.2)

WEST

- GENERAL MANAGER * Bombay/Pune * *Sal* Salary and perquites excellent * *Age/Qlfn* 35-42 * Graduate in electronics/instrumentation/electrical engineering * *Reqd* 15 years experience in relevant field, of which 4/5 years at senior level understanding of application of environmental systems a must * *Cont* Personnel Selection Division, ABC Consultants Pvt Ltd, 303 Embassy Centre, Nariman Point, Bombay 400021 (ToI - 13.2)
- WORKS MANAGERS * Maharashtra * *Sal* Negotiable * *Age/Qlfn* 35-45 years * Mechanical engineer * *Reqd* 10 years senior level shop floor experience in a heavy engineering industry * *Cont* Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (BI - 20.2)
- VICE-PRESIDENT (Marketing) * Bombay * *Sal* Comparable with the best * *Age/Qlfn* 40-45 years * Post graduation in marketing management * *Reqd* 10 years experience preferably in the chemical/petrochemical industry * *Cont* Vice-President (Administration), Oswal Agro Mills Ltd, 65-B Mittal Court, Nariman Point, Bombay 400021 (BI - 20.2)
- VICE-PRESIDENT (Human Resources) * Bombay * *Sal* Comparable with the best * *Age/Qlfn* 40-45 years * Post graduation in personnel management * *Reqd* 5 years experience at a senior level * *Cont* Vice President (Administration), Oswal Agro Mills Ltd, 65-B, Mittal Court, Nariman Point, Bombay 400021 (BI - 20.2)
- CONTROLLER (Finance & Accounts) * Bombay * *Sal* Remuneration not limiting * *Age/Qlfn* 40 years * CA * *Reqd* 10-15 years' experience of which 5 years should be as head of the finance function in large/medium organisation * *Cont* Corporate Personnel Manager, Tata Exports Limited, "A" Block, Shivsagar Estates, Dr.Annie Besant Road, Worli, Bombay 400018 (ToI - 20.2)
- GENERAL MANAGER (Materials) * Walchandnagar, Pune * *Sal* Attractive + housing * *Age/Qlfn* NS * NS * *Reqd* Wide ranging experience in procurement, sub contracting, imports etc * *Co* Vice-President (Personnel & Admin), Walchandnagar Industri Ltd, Walchandnagar 413114, Dt. Pune (BI - 20.2)
- COMPANY SECRETARY * Bombay * *Sal* Rs.110,000 pa + pe quisites * *Age/Qlfn* 35-45 years * Qualified company secretary *Reqd* Relevant experience in multinational companies, degree law an advantage, familiarity with computers preferable * *Co* Box J 628-K, Times of India, Bombay 400001 (ToI - 20.

NORTH

- HEAD OF BUSINESS PLANNING * New Delhi * *Sal* Not a limiti factor * *Age/Qlfn* NS * Engineer - MBA * *Reqd* 10 years experien with 3-4 years in business planning and operations * *Cont* Seni Manager (Corporate Personnel), Max India Ltd, Devika Tower Nehru Place, New Delhi 110019 (BI - 20.2)
- VICE-PRESIDENT (Finance & Accounts) * New Delhi * *Sal* Nego tiable * *Age/Qlfn* NS * CA * *Reqd* Excellent track record professional accomplishment * *Cont* Price Waterhouse Associat Pvt Ltd, 409 Padma Tower 1, 5 Rajendra Place, New Delhi 1100 (ToI - 20.2)
- CHIEF OF MARKETING * New Delhi * *Sal* Best in industry * *Ag Qlfn* 30-35 years * MBA or equivalent * *Reqd* 10 years experien with 5 years in marketing in a related industry. Familiarity wi Footwear, automobile, construction, industry an asset * *Co* Senior Manager (Corporate Personnel), Max India Ltd, Devi Tower, 6 Nehru Place, New Delhi 110019 (BI - 20.2)

SOUTH

- GENERAL MANAGER (Marketing) * *Sal* According to bac ground * *Age/Qlfn* 35-45 years * Post graduation in managemen *Reqd* Experience in marketing national brands * *Cont* The Ma aging Director, TT Industries & Textiles Ltd, 6 Cathedral Ro Madras 600089 (BI - 20.2)
- CHIEF EXECUTIVE * Hyderabad * *Sal* Excellent * *Age/Q* Around 35 years * CA/MBA (Finance) or engineering with MB *Reqd* 10 years post qualification experience in finance, marketi or general management, for the Nagarjuna Investment Trust Lt *Cont* Chairman, Apex Management Consulting Group Pvt L C-1 Rams Square, No.2 Village Road, Madras 600034 (BI - 20
- MARKETING MANAGER * *Sal* Rs.1.5 lakh pa + perquisites * *Ag Qlfn* 35 years * Graduate with marketing management qualifi tions * *Reqd* 10-15 years experience in marketing/selling * *C* Personnel & Productivity Services, 3rd Floor, Shakar Bhav Fateh Maidan Road, Hyderabad 500004 (ToI - 23.2)

OVERSEAS

- CHIEF STATISTICIAN (GATT) * Geneva * *Sal* NS * *Age/Qlfn* N University degree in statistics * *Reqd* 15 years experience senior statistical work and demonstrated leadership abilit *Cont* Chief of Personnel, ICITO/GATT, Centre William Rappa Rue de Lausanne, 154 CH-1211 Geneva, Switzerland (E - 11

Executive positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu
S — Statesman; *HT* — Hindustan Times; *ET* — Economic Times;
Econ — Economist; *BI* — Business India

NATIONAL

- MANAGER (Telecom) * *Sal* Salary and benefits excellent * *Age/Qlfn* NS * First class B.Tech/M.Tech in telecommunication engineering * *Reqd* 3-6 years relevant experience knowledge of case multiplexor equipment and EPABX preferred * *Cont* Personnel Search Services, No 1, 3rd floor, Sambava Chambers, Sir P.M. Road, Fort, Bombay - 400001 (ToI - 13.2)
- PRODUCT MANAGER (Industrial Products) * Madras * *Sal* Attractive compensation * *Age/Qlfn* 27-30 years * Graduate Mechanical Engineers with PG qualifications in management * *Reqd* 3-5 years experience in product management * *Cont* Personnel Selection Division, ABC Consultants Pvt Ltd, 4, Jagannathan Street, Madras - 600034 (ToI - 13.2)
- REGIONAL MANAGER * Bombay/Bangalore * *Sal* Remuneration no constraint * *Age/Qlfn* NS * MBA * *Reqd* Minimum 5 years experience in dealing with mass distributed consumer product line * *Cont* General Manager (Sales & Marketing), Geep Industrial Syndicate Ltd, 3-11/2 Okhla Industrial Estate, Phase - II, New Delhi 110020 (ToI - 13.2)
- HEAD (Industrial Engineering) * Thane * *Sal* Rs.70,000 pa + excellent benefits * *Age/Qlfn* 30-35 years * Graduate in chemical/mechanical engineering with PG degree/diploma in industrial engineering * *Reqd* Experience in use of PC's and software packages * *Cont* Corporate Personnel Dept, Glindia Limited, Dr. Annie Besant Road, Worli, Bombay 400025 (ToI - 13.2)
- PROFESSIONAL (Commercial Banking and Housing Finance) * *Sal* NS * *Age/Qlfn* 50 years * Degree in civil engineering or CA * *Reqd* Minimum 3 years service in scheduled bank or housing finance institution * *Cont* General Manager, National Housing Bank, c/o RBI, Central Office Building, 17th Floor, Bombay 400023 (ToI - 14.2)
- MAINTENANCE MANAGER * *Sal* Compensation package best in industry * *Age/Qlfn* 30-35 years * Graduates in electrical/mechanical engineering * *Reqd* 10 years relevant experinece out of which 2-3 years should be as head of plant maintenance * *Cont* General Manager, Kajaria Ceramics Ltd, A 27 & 28 Sikandrabad Industrial Area, Sikandrabad Bukandshahr Distt (UP) (ToI - 15.2)
- SENIOR PRODUCTION ENGINEER * *Sal* NS * *Age/Qlfn* 35 Years * Graduate mechanical engineer * *Reqd* 10 years'experience in light engineering industry, out of which 5 years at senior level * *Cont* General Manager (Personnel), Eagle Flask Industries (I) Pvt Ltd, Eagle Estate, Talegaon 410507 (ToI - 15.2)
- DESIGN & DEVELPOMENT ENGINEER * *Sal* * *Age/Qlfn* Around 30 years * Graduate degree in mechanical engineering * *Reqd* 3/5 years experience in engineering development and machine building * *Cont* Vice President - Personnel and Planning, Hindustan Cocoa Products Ltd, Cadbury House, Bhulabhai Desai Road, Bombay - 400026 (HT - 17.2)
- GENERAL MANAGER (Operations) * Tohana (Harayana) * *Sal* Handsome + perks * *Age/Qlfn* Around 40/45 years * Engineering * *Reqd* 15-20 years manufacturing experience in a process industry with 5 years as in-charge. Experience in the board/plywood industry an asset * *Cont* Executive Director (MDF), Nuchem Agro Products, 14 Community Centre, New Friends Colony, New Delhi 110065 (BI - 20.2)
- MANAGER (Engineering Services) * *Sal* Rs.1.3 lakhs (gross) + perks * *Age/Qlfn* 35-40 years * Mechanical engineer * *Reqd* Sufficient technical and managerial skills to lead a team of engineers for maintenance * *Cont* Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (BI - 20.2)
- MANAGER (Finance & Company Law) * Bombay * *Sal* Very attractive * *Age/Qlfn* Around 45 years * Qualified company secretaries preferred * *Reqd* 15 years experience, exposure to managing public issues preferable * *Cont* Personnel & Productivity Services, Army & Navy Building, 148 Mahatma Gandhi Road, Bombay 400023 (BI - 20.2)
- FIELD ENGINEERING MANAGERS * *Sal* Very attractive + perks * *Age/Qlfn* Around 30 years * Mechanical engineering * *Reqd* 5 years experience in high speed manufacturing in the food processing/consumer product industries * *Cont* A.F. Ferguson Associates, Post Box 1786, Bombay 400001 (BI - 20.2)
- CHIEF INTERNAL AUDITOR * Bangalore * *Sal* Attractive * *Age/Qlfn* NS * CA * *Reqd* 10 years managerial experience in accounting & finance or audit, ability to spot trends * *Cont* Corporate General Manager - Personnel, Wipro Ltd, Bakhtawar, 229 Nariman Point, Bombay 400021 (BI - 20.2)
- BRANCH MANAGER * All India * *Sal* Good terms * *Age/Qlfn* 32-36 years * Degree/diploma holders in mechanical/metallurgical engineering * *Reqd* 6/8 years' proven experience in selling industrial products * *Cont* ABC Consultants, 303 Embassy Centre, Nariman Point, Bombay - 400021
- PRODUCT MANAGER * *Sal* Attractive salaries + benefits * *Age/Qlfn* NS * NS * *Reqd* 5 years experience in the sale of imported capital equipment * *Cont* Hericus India, P.O. Bag 23, P.O. Hauz Khas, New Delhi 110016 (HT - 23.2)
- PROJECT/WORKS MANAGER * *Sal* Rs.1.5 lakhs pa + perquisites * *Age/Qlfn* 35-45 years * Graduate in mechanical engineering/chemical engineering/pharmacy * *Reqd* 10-15 years' experience in setting up projects and managing plant operations * *Cont* Personnel & Productivity Services, 3rd Floor, Shakar Bhavan, Fateh Maidan Road, Hyderabad 500004 (ToI - 23.2)

OVERSEAS

- STRATEGIC MARKETING SPECIALIST (Consumer) * Hong Kong * *Sal* NS * *Age/Qlfn* NS * Engineers with degree in electronics * *Reqd* 5-7 years experience as an electronics designer * *Cont* A.F. Ferguson Associates, Hansalaya, Barakhamba Road, New Delhi - 110001 (ToI - 26.2)
- AUDIT PROFESSIONALS * United Arab Emirates * Gulf States * *Sal* Attractive package including tax free salary * *Age/Qlfn* NS * Internationally recognised accounting qualifications * *Reqd* Initiative and flexibility of character required * *Cont* Michael Nagle FCA or W. Martin Dyas SABA & Nagle International, 135 Nottinghill gate, London WII3LB (ToI - 19.2)

RPG Enterprises – is one of the largest and fastest growing business houses in India with a turnover of over Rs. 1,000/- crores in highly diversified activities.

In order to further strengthen its highly motivated teams and to successfully meet and implement its ambitious growth plans, the Enterprise is looking for –

PRESIDENTS

LOCATION:
N. INDIA
S. INDIA

who will have total responsibility for separate Companies in Electrical, Electronics, Telecom, Foods and Consumer Product Industries. They will be expected to achieve high growth and profitability, formulate plans and strategies to achieve short and long term results and ensure sustained growth in highly competitive markets. The incumbents will have to function autonomously and guide their senior management teams effectively. They must have excellent commercial orientation and an innovative approach to work.

Candidates should have atleast 15 years' experience with a minimum of 5 years' at the senior level in general management. Individuals must have had significant techno-commercial experience, preferably as Profit Centre Heads.

An attractive remuneration commensurate with experience and track record will be offered.

Please apply in strict confidence within ten days, superscribing the envelope with "President" and Ref. No. P/2/89, to:

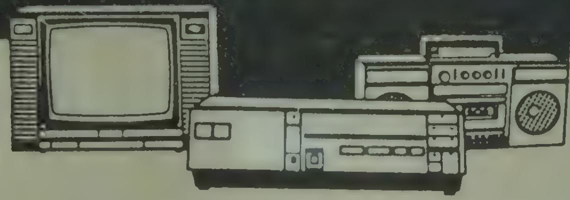
Chairman

RPG ENTERPRISES

CEAT Mahal,
463, Dr. Annie Besant Road,
Bombay 400 025.

RPG

VIDEOCON



GENERAL MANAGER
CENTRAL SERVICE
BOMBAY

Exceptional Terms

We have collaborated with leading Japanese Companies internationally acclaimed as leaders in their respective fields, for the manufacture of Colour and B&W TV's, V.C.R.'s, audio Products, Washing Machines and other electronic/electrical household appliances. The Group turnover is over Rs. 250 Crores P.A.

We are looking for an outstanding professional to head our Central Service Cell and report directly to the Director.

The responsibilities include :

- **Improving the efficiency of existing service centres throughout the country.**
- **Setting up new service centres.**
- **Manpower planning and training.**
- **Spare parts management including inventory norms at different locations.**
- **Monitoring of field quality, workshop organisation etc.**

The incumbent will be responsible for leading and motivating the entire service team to achieve the company's objective of providing QUICK, EFFICIENT and ECONOMICAL service to its valued customers.

Candidates should have a Degree in Electronics with a minimum of 10 years experience in the service function in a reputed Consumer Durable company. Candidates should preferably be in the 35/40 age group.

Being a very senior position the compensation package is negotiable to meet individual experience and competence.

Please apply within 10 days in strict confidence giving details of present employment and a recent passport size photograph to :–

Box No.:AA/CM/287/3, **Business India,** Wadia Building, 17/19, Dalal Street, Fort, Bombay 400 001.

8913

OSWAL AGRO MILLS LTD.

OSWAL AGRO MILLS LIMITED, a fast expanding company has recently diversified into Petrochemicals and require the following personnel to be located at Bombay.

GENERAL MANAGER (EXPORTS)

The incumbent will identify export markets and promote sales. He should be well conversant with all procedures and activities pertaining to export. An innovative and creative individual capable of generating new export business would ideally fit the bill.

The applicant must have a post graduate qualification in Business Management preferably with a diploma in foreign trade with not less than 10 years export marketing experience and good exposure to overseas markets. Preferred age 35-40 years.

GENERAL MANAGER (COMMODITIES)

The incumbent will be responsible for detailed study and constant monitoring of the commodities market and assist the management in its activities in commodities. The applicant must have a Post Graduate qualification in Business Management. Persons having handled commodities business in organisations of repute would be best suited. Preferred age 35-40 years.

The positions offer compensation packages comparable with the best in Industry.

Applications furnishing complete details should be forwarded within 10 days superscribing the envelope with the position applied for:

PERSONNEL SEARCH SERVICES

(A division of Lobo Business Services Pvt. Ltd)

3rd Floor, Sambava Chambers, Sir P.M. Road, Fort, Bombay-400 001.

Tel: 286 2660, 295963

Clarion

FORWARD TELEVISIONS LIMITED

MIKADO
Colour TV

We are a rapidly growing organisation, manufacturing and marketing Black & White and Colour Televisions under the brand name 'MIKADO'. We are looking for result-oriented persons of proven competence and commitment, having experience in marketing of consumer durables, preferably Televisions.

GENERAL MANAGER (Marketing) Ref : GM

Approx. Gross Rs. 1.20 lacs p.a.

Bombay

This will be the senior-most position in marketing and the selected candidate will be completely responsible for achieving sales targets.

Experience: 10-12 years

REGIONAL MANAGERS: Ref: RM

Approx. Gross Rs. 80,000/- p.a.

Bombay, Ahmedabad, Bangalore, Indore, Hyderabad and Madras

The selected candidate will be in complete charge of his respective State i.e. Maharashtra Karnataka, Andhra Pradesh, Tamil Nadu, Gujarat and Madhya Pradesh. The job responsibilities will include management of sales, after-sales-service, market planning and development and achieving targetted sales in his State.

Experience: 7-10 years.

BRANCH MANAGERS: Ref: BM

Approx. Gross Rs. 60,000/- p.a.

All major cities in Maharashtra, Gujarat, Karnataka, Madhya Pradesh, Andhra Pradesh, and Tamil Nadu.

Selected candidates will be responsible for leading a team of sales executives to achieve budgeted sales and collection targets in assigned territories. Those having experience in leasing, hire-purchase and Institutional sales will be preferred

Experience: 5-7 years.

SR/JR SALES EXECUTIVES: Ref: SE

Approx. Gross Rs. 30,000/- p.a.

Maharashtra, Gujarat, Karnataka, Madhya Pradesh, Andhra Pradesh and Tamil Nadu.

Selected candidates will be responsible for managing dealer network in their respective areas and achieving sales targets. Candidates should be prepared to travel extensively in upcountry areas. Those having experience in institutional sales will be preferred.

Experience: 2-5 years.

The above positions carry attractive remuneration package and excellent career opportunities. Salary will not be a constraint for the right candidate.

Apply within 10 days, superscribing the reference of position applied for on the envelope, to:

The Managing Director,
Forward Televisions Ltd.
C-86, Mittal Court, Nariman Point,
Bombay 400 021.

Pune | Attractive Salary + Housing + Perks

Required for a

Heavy Engineering Company

A reputed, rapidly-growing, Pune-based company engaged in **marketing, design & engineering and manufacture** with operations in diverse fields, a projected turnover of Rs 150 crores and prestigious foreign collaborations, wishes to recruit suitable candidates for the following positions:

General Manager – Boiler Division (Ref HRD-1010)

This is a very senior Management position. The candidate will be responsible for all techno-commercial functions using the latest technology. He must be an Engineering graduate with at least 10 years' management experience.

Age: around 45 years

Manager – Plant Erection (Ref HRD-1011)

This is a senior Management position. The candidate will be responsible for all techno-commercial functions connected with the erection and commissioning of large capacity heavy engineering plants. He must be an Engineering graduate with at least 15 years' experience.

Age: around 45 years

Marketing Executives (Ref HRD-1012)

Candidates should be young, dynamic and result-oriented Engineers, with a minimum of 5 years' experience in marketing Engineering Projects.

Age: around 30 years

Executives – Project Management (Ref HRD-1013)

Candidates should be young, dynamic and result-oriented Engineers with a minimum of 5 years' experience in Project Execution.

Age: around 30 years

The remuneration and perquisites packages are extremely handsome and will not be a constraint for the right candidates.

Please apply in strict confidence with a detailed bio-data and passport-size photograph, superscribing on the envelope the reference number of the post, to:

AA/LB/287/1, **Business India,** Wadia Building, 17/19, Dalal Street, Fort, Bombay 400 001

EAST WEST

We are a fast growing professionally managed Company representing overseas companies in India, in a variety of industries including petrochemicals, plastics, metals as well as exports of apparel. We treat representation as a profession and not as a business. Our growth has been explosive and is continuing at a phenomenal rate.

We are interested in professionals who are looking for a challenge and growth prospects, to fill the following positions:

CHEMICALS AND PLASTICS DIVISIONS:

BUSINESS DEVELOPMENT MANAGER
Delhi

This is a senior position. We are seeking a qualified Chemical Engineer with 8/10 years experience in the Chemicals/Petrochemicals Industries, preferably in the field of Process Engineering. The successful candidate will be responsible for developing new lines of business.

SALES EXECUTIVES
Delhi & Bombay

We are seeking graduates with at least 3 years experience in Industrial/Commercial Sales, preferably in the Chemicals or Plastics Industries. Candidates must be willing to travel, and to relocate, if necessary.

SENIOR SALES EXECUTIVE
Bombay

We are looking for a Chemical Engineer/Science Graduate with a good academic background and 6/8 years experience in sales, preferably in the Chemicals/Petrochemicals Industries. Preference will be given to candidates with knowledge of LC's/Import Documentation.

COMMERCIAL OFFICERS
(Delhi)

The selected candidates will be B.Com. with experience in LC's, Import/Export Documentation. Preference will be given to candidates with knowledge of computer systems.

BUYING AGENCY DIVISION (APPAREL)

FASHION COORDINATOR
Delhi

We require a talented professional with 3-5 years experience in a similar capacity. The incumbent will be responsible for establishing a design function, including fabric development, and all the duties involved in an in-house sampling unit.

QUALITY CONTROLLERS
Delhi & Bombay

Candidates must have at least 3 years experience in reputed Buying Houses/Export Houses in a similar capacity.

Compensation is attractive and will not be a bar for the right candidates. Interested candidates should apply within 7 days along with detailed bio-datas, specifying the position applied for to:

EAST WEST REPRESENTATIVES COMPANY PRIVATE LIMITED
C-5, Qutab Hotel, New Delhi-110 016

Centralcard
सेन्ट्रल बैंक ऑफ इंडिया
CENTRAL BANK OF INDIA

VISA

PPS

HAS BEEN RETAINED BY

SPCL

Sumitra Pharmaceuticals & Chemicals Limited

HYDERABAD **ATTRACTIVE TERMS**

Sumitra Pharmaceuticals & Chemicals Limited (SPCL) is setting up a Bulk Drug Plant near Hyderabad. The project with an outlay of around Rs. 60 million will be one of the largest in the country to manufacture IBUPROFEN and MEBENDAZOLE. Both these Bulk Drugs are in high demand and find ready markets in India and abroad. SPCL is promoted by successful entrepreneurs who have professional approach to management and is governed by an eminent Board of Directors. SPCL with a projected annual turn over of Rs. 200 million, now requires highly competent Managers with a proven track record to join its team of professionals.

PROJECT/WORKS MANAGER

SALARY: Rs. 1.50 Lakhs p.a. + House + Car + Perks

The incumbent would be initially responsible for the successful implementation of the Project and is expected to take full charge of Plant operations as a Works Manager. A Graduate in Mechanical Engineering/Chemical Engineering/Pharmacy, with 10-15 years' relevant experience in setting up Projects and managing Plant operations, preferably in Pharmaceuticals/Bulk Drugs/Chemicals will be suitable for this position. Age: 35-45 years.

MARKETING MANAGER

SALARY: Rs. 1.50 Lakhs p.a. + House + Car + Perks

Selected candidates would start with Market seeding and then take over total responsibility for domestic & export sales and Marketing operations. Graduates preferably with Marketing Management qualifications having 10-15 years' experience in Marketing/Selling of Industrial products/Chemicals/Bulk Drugs/Formulations, with exposure to exports will suit this position. Age: Around 35 years.

GROSS REMUNERATION IS NEGOTIABLE AND BESIDES ATTRACTIVE COMPENSATION,THE COMPANY OFFERS EXCELLENT OPPORTUNITIES FOR PROFESSIONAL GROWTH.

Please apply within 7 days with full particulars indicating the name of the present employer, nature of responsibilities, the salary drawn, along with a recent passport-size photograph to:

PERSONNEL & PRODUCTIVITY SERVICES
(A DIVISION OF TATA CONSULTANCY SERVICES)
3RD FLOOR, SHAKAR BHAVAN
FATEH MAIDAN ROAD -
HYDERABAD-500 004

VIDEOCON

We have collaborated with leading Japanese Companies internationally acclaimed as leaders in their respective fields, for the manufacture of Colour and B&W TV's, V.C.R.'s, Audio Products, Washing Machines and other electronic/electrical household appliances. The Group turnover is over Rs. 250 Crores P.A.

ADVERTISING MANAGER

The candidate should be an outstanding Advertising professional with a proven track record in promoting high value consumer durables at the all India level.

The job involves co-ordination of various Advertising activities of the company. Interaction with advertising agencies, preparing advertising briefs and the ability to handle a multi crore advertising budget efficiently.

Candidates should be familiar with multi media advertising on a large scale and possess strong business acumen and the ability to judge advertising in an objective manner.

We are looking for a person in the 35/40 age group with atleast 5/8 years of senior level experience in an Advertising Agency or as head of the advertising function in a reputed Consumer Durable Company.

DEPUTY ADVERTISING MANAGER

Candidates should have atleast 3/5 years of Advertising agency experiences. Should be familiar with all aspects of advertising on an all India basis. The incumbent will assist the Advertising Manager. Graduates in the 28/30 age group who are looking for a challenging opportunity would fit the bill.

Salary for both posts will commensurate with qualification and experience. Salary will not be a constraint for outstanding candidates.

Please apply in confidence within 15 days giving full particualrs and superscribing the position applied for to :

Box No.: AA/CM/287/2, **Business India,** Wadia Building, 17/19, Dalal Street, Fort, Bombay 400 001.

8912

ABC's major specialisations include Corporate Consultancy • Operations Research • Industrial Engineering • Systems & Procedures • Computer Feasibility • Socio-Economic Studies • Organised Cost Reduction • SWOT Analysis • Data Processing

OPTIC ELECTRONIC (INDIA) PVT. LTD.

We have been retained by **OPTIC ELECTRONIC (INDIA) PVT. LTD.** to select a **Project Manager and two Senior Engineers.**

Our client is a **100% export oriented** unit, part of a dynamic hi-tech industrial group, being set-up in **NOIDA** to manufacture **electro-optic products, with state-of-the-art technology from world renowned leaders in the field.** The project is in a very high technology area with only a few plants operational world over.

PROJECT MANAGER

Noida — **Attractive Terms**

The candidate, we are looking for should have around **5-10 years experience in electronic components/electronic assembly production** and the ability to absorb the detailed know-how and technology from the foreign collaborators. He will be required to **set-up the project** and thereafter **successfully organise and manage the production.** He will also have the opportunity to be associated in the **formulation, conceptualisation and detailed engineering for other related products/projects** which are under consideration at present. **Prior experience in electro-optics, specially in the defence sector, will be preferred.** The candidate should have a sound **engineering bias** and a **marked attitude for excellence in quality.**

Retired defence personnel from armed forces and/or Ministry of Defence Establishments engaged in electro-optics will also be considered.
Code: PM/DEL/764

2—SENIOR ENGINEERS

Noida — **Attractive Terms**

The candidates must be graduate **Electronics Engineers** with **2-3 years shop floor experience in electronic components/equipments manufacturing.** Experience in production and/or quality control is desirable. Candidates having **experience of working in Electronic Free Trade Zones would be preferred.** Code: SE/DEL/765

This is a **prestigious project** and our clients are looking for **self motivated performers, team builders** and personnel with **sound technical acumen. Excellent growth prospects are offered by the clients Emoluments will not be a restricting factor for the right candidate.**

Please apply in strict confidence within 10 days to **Colonel V. P. Gulati, Associate,** enclosing detailed biodata, high-lighting relevant experience and quoting job title & code.

ABC CONSULTANTS PRIVATE LIMITED
209 Meghdoot, 94 Nehru Place, New Delhi-110 019 Phone: 6449842

Modern GROUP REQUIRES

Ne are a professionally managed group with its cor-
porate office at JAIPUR and plants at ALWAR, BHIL-
WARA and ABU ROAD in Rajasthan, engaged in
manufacturing textiles and recently diversified in EHV
Electro Porcelain Insulators in collaboration with
world renowned Siemens AG of West Germany. Our
present turnover is Rs. 100 crores and expected to be
Rs. 200 crores in next five years. We are looking for
ollowing senior management positions:-

1. **VICE PRESIDENT (MARKETING)**
   For our Woollen Mills at Bhilwara. Person should be MBA/Diploma in foreign trade or equivalent qualifications and having minimum experience of 10 years in marketing worsted yarn, woollen carpet yarn, shoddy yarn. We are looking for young man below 35 years of age
2. **VICE PRESIDENT (COMMERCIAL)**
   For our Thread Mills at Raila (Bhilwara). Person should be MBA/CA/ACWA or similar other qualifications and having minimum 10 years experience in fibre purchase/sales at synthetic blended yarn spinning mills. We are looking for young man below 40 years of age.
3. **VICE PRESIDENT (SEWING THREAD)**
   For our Delhi office to handle the marketing of mercerised yarn throughout the country. Person should be MBA/Diploma in foreign trade or similar other qualifications and having minimum 10 years experience in marketing mercerised yarn of large textile mills. We are looking for young man below 40 years of age.
4. **VICE PRESIDENT (PUBLIC RELATIONS)**
   For Jaipur, Delhi and Bombay to handle high level liaison with Government, Semi-Government departments, Corporations for all works related to the group's business. Person having minimum 15-20 years experience and placed in very high position for handling similar work in any business house would be more suitable. Person below 50 years of age would be preferred. Person having own house, telephone and conveyance and belonging to Jaipur, Delhi, Bombay would get preference for the respective places.
5. **VICE PRESIDENT (TAXATION)**
   For our Corporate Office at Jaipur. Person should be qualified Chartered Accountant and having atleast 10 years experience of handling taxation matters of the large manufacturing companies. We are looking for youngman below 40 years of age.

Please write immediately giving full details of educa-
ional qualifications, age, exeperience, salary drawn,
salary expected with good reference. Applications
eceived would be processed in strict confidence. No
eference would be made to the present employer
without applicant's prior consent. Please apply imme-
diately to-

The Chairman
Modern Group of Industries
D-22, Moti Dungari Road
Jaipur-302004 (Rajasthan)

NATIONAL CENTRE FOR INDUSTRIAL HARMONY

We are a voluntary non-profit organisation with headquarters at Madras working to bring about harmony in industry. Our organisation believes in bilateralism and promoting voluntary arbitration to bring about a cultural change in industrial relations from one of confrontation to constructive co-operation. Activities include training programmes for employees at all levels (Management, Workmen and Union cadre) both in-plant and open, sharing of information about industrial practices etc. We propose to publish a quarterly journal on industrial relations.

The Governing Body consists of eminent persons from industry (both public and private sectors), trade unions and academics.

We require a:

DIRECTOR

Location: Madras

The incumbent must have initiative, imagination and be innovative. He will be a Doctorate in social sciences with inter-personal and social skills. Combination of industrial and academic experience would be helpful. Besides English, proficiency in Tamil and knowledge of Hindi would be an added advantage.

Preferred age: 45 to 50

The position carries an attractive remuneration package. Please apply within fifteen days with complete resume to:

Mr S S Sundharesan
Secretary,
National Centre for Industrial Harmony
c/o Lucas Indian Service Ltd
272 Anna Salai, Teynampet,
Madras 600 018

GENERAL MANAGER
(Textile Process House)

NEAR DELHI — **ATTRACTIVE COMPENSATION**

A large textile Process House dealing in cotton and synthetic dying and printing with an employee strength of 3000 forming part of a growth oriented diversified industrial group with a current turnover of Rs. 150 crores and major expansion/diversification on hand requires GENERAL MANAGER.

This senior position, entails responsibility for efficient operation of the plant including production, quality assurance, maintenance, productivity improvement and industrial relations. He will have an over-all focus of meeting company's production and cost targets with the optimum use of resources.

Candidates with textile technology background and manufacturing/operational experience of about ten years at a senior level in a large Process House/Textile Mill would be best suited.

The Company offers an attractive compensation package including Housing, Car, Medical, Bonus, P.F. etc with opportunity for advancement. Remuneration is unlikely to be a constraint for the outstanding candidates.

Please apply in confidence within ten days mentioning the post applied for on the envelope to:

BOX NO: AA/287/LE/8.
Business India
59, Regal Building,
Connaught Circus,
New Delhi

RAJFED

RAJASTHAN STATE COOPERATIVE MARKETING FEDERATION LTD
4, BHAWANI SINGH ROAD : JAIPUR

REQUIRED

RAJFED wishes td appoint outstanding p fessionals at following locations Rajasthan :

S. No	Name of Post	No. of Post	Qualification/Experience
1	General Manager RAJFED Mustard Project, Mertacity & Sriganganagar	1+1	Degree in Chemical Tech ogy (Oils)/Chemical Engin ing with 10 years experie in the field of oil and allied ducts, preferably in the ning of projects based Oilseed/Edible Oils. C didates having done Mana ment Course shall preferred.
	Pay Scale : Rs. 3350-100-3650-125-4400-150-5000. (Total Approx. Rs. 4400/- Per Month) Age : Maximum 45 years.		
2.	General Manager RAJFED Mustard Project, Jhunjhunu & Gangapurcity.	1+1	Degree in Chemical Tech ogy (Oils)/Chemical Engin ing with 7 years experienc the field of oil and allied ducts. Preferably in the ning of projects based Oilseed/Edible Oil. Candi having done Managem Course shall be preferred.
	Pay Scale : Rs. 2975-100-3650-125-4400-150-4700. (Total Approx. Rs. 3900/- Per Month) Age : Maximum 45 years.		

The posts carry fringe benefits of Dearn Allowance, House Rent Allowance, C.F Medical reimbursement etc. in addition pay. Application giving full particul alongwith copies of all testimonials a Indian Postal Order for Rs. 15/- (Not p able by SC/ST applicants) should reach the undersigned within 15 days from date of publication of this advertisement

SHAKUN

(C.K. MATHEW)
I.A.S.
MANAGING DIRECTOR.

CHIEF INTERNAL AUDITOR

Premier City South India

A large professionally managed company in the South, part of a well-known group, is setting up a very large project in the chemical industry with an investment of over Rs 500 crores and is looking out for a senior finance professional to head its Internal Audit group at the Corporate Head Office. The position calls for a mature professional with at least 7-10 years senior level experience in internal audit in a large industrial organisation of repute. Besides professional competence, the incumbent should possess considerable interpersonal skills. Prospects of rapid advancement within the organisation are good for candidates with exceptional merit and initiative. Preferred age around 40 to 45 years.

The compensation package will not be a constraint and is designed to attract the best talent available.

Apply in confidence giving full particulars to Box No. AA/AA/287/5,

Business India,
Wadia Building,
17/19 Dalal Street,
Bombay 400 001

PPS

REGIONAL MANAGER (BOMBAY)

INFO. TECH. INDUSTRY

Our clients, a joint sector organisation, are in the business of hightech information technology products which include computer systems, electronic printers and the like. The Company has been registering a very fast growth rate. Several new products are also being added to the line of manufacture.

The candidate will be responsible for the entire marketing activity in the region, besides managing the regional office. He is expected to provide a creative and dynamic leadership to the team. Electronic Engineers with 8 to 10 years of experience in marketing computer systems and related products will be suitable. The position reports to the Group Manager Marketing located at Bhopal. The position carries attractive terms.

Interested candidates may apply in confidence within ten days giving full biographical particulars including experience, name of the present employer, current and expected emoluments and a passport-size photograph to :

PERSONNEL & PRODUCTIVITY SERVICES
(A Division of Tata Consultancy Services)
Army & Navy Building
148 Mahatma Gandhi Road
Bombay 400 023

CHAITRA-B PPS 16

SRF

SHRI RAM FIBRES LIMITED

We are a fast growing, multi-locational, orofessionally managed group of companies with a nighly diversified business portfolio which includes Nylon Tyre Cord, Synthetic Industrial Fabrics, Engineering Plastics, Precision Bearings, Auto-Electricals and Financial Services. In the last five years, we have successfully implemented four new projects and our sales turnover has crossed the Rs.125 crore mark. We have an enviable record as pioneers and market leaders. In recognition, we have received the Economic Times - Harvard Business School Alumni Association Award for the country's best managed minigiant in 1983, and the R & D Award of Ministry of Science and Technology, 1988, for one of our first-in-the-world product innovations.

We are currently engaged in setting up a new project to manufacture Refrigerant Gases near Delhi. We also have other exciting projects on the anvil, apart from expansion of our existing facilities. For our rapidly growing operations, we need a

Manager – Employee Relations

He would be responsible for the complete personnel function, viz., formulation and implementation of personnel policies, manpower planning & recruitment, performance appraisal, training and development, industrial relations, security and administration. The position calls for a high degree of maturity and good appreciation of the personnel function as a whole.

Candidates should be graduates with Post Graduate qualifications in Management and about 10-15 years' experience, of which a part should necessarily be in the Industrial Relations area. Preferred age would be 30-35 years.

We offer an excellent compensation package which compares with the best in the industry. Interested persons should forward detailed bio-data with a passport size photograph, superscribing the envelope with the position applied for, within 10 days, to:

VICE PRESIDENT (PERSONNEL)
SHRI RAM FIBRES LIMITED
Express Building
9-10 Bahadurshah Zafar Marg
New Delhi – 110 002.

MEHAN AND ASSOCIATES
Management Consultants
All India Executive Selection Service

This is for a large, reputed, fast expanding, Bhilai-based, Public Ltd Company (Private Sector) having modern Foundry (C.I. & Steel), Machine-shop & Fabrication facilities. We have done for them long-term Management Consultancy & Manpower Development/Training work, specially in Organisation Development & HRD Systems.

We need for them :

1) **MANAGER/DY MANAGER (Mech Maintenance)-1**
Location : Bhilai (Ref: B-MM-141)
Degree in Mech. Engg; experience in maintenance of equipments in Foundry/Heavy Machine–shop, essential.

2) **MANAGER/DY MANAGER (Industrial Engg)-1**
Location : Bhilai Ref: B-MIE-142)
Engg degree with formal academic background in Industrial Engg; experience in Methods Improvement, Incentive Schemes, Norms Fixation & Productivity Improvement Studies, essential. Exposure to Computer Applications & MIS, added advantage.

3) **MANAGER/DY MANAGER (Purchase)-1**
Location : Bhilai Ref:B-MP-143)
Mech Engg degree with education/training in Materials Management; experience in Materials Managerment function in an Engg organisation in procurement of engg items/equipments & source development.

4) **ASSTT MANAGER (Purchase)-1**
Location : Bhilai Ref: B-AMP-144)
Background on lines of position (3)

5) **DEPUTY MANAGER (Electrical Maint)-1**
Location : Bhilai Ref:B-DMEM-145)
Degree in Electrical Engg/Electronics experience (in a Foundry) of maintenance of high-voltage equipments, sub-station, Electric Melting Furnace & Foundry equipments.

6) **DEPUTY MANAGERS/ASST MANAGERS (Marketing)-4**
Locations: Calcutta, Delhi, Bombay, Bhilai Ref: DMM-146)
Degree/Diploma in Mech Engg; experience of Marketing the industrial products to the Core-Sector clients; experience of dealing with Public Sector, essential.

7) **DEPUTY MANAGER (PERSONNEL)-1**
Location : Bhilai Ref:B-DMP-147)
Experience of Personnel Management & Industrial Relations in a large organisation; exposure to HRD, added advantage.

8) **DEPUTY MANAGER (QUALITY CONTROL)-1**
Location : Bhilai Ref: B-DMQC-148)
Degree Mech/Metallurgical Engg; experience in Inspection/Quality Control departments of a large Engg organisation; exposure to development of Quality Assurance Plans, non-destructive testing, metallographic analysis (and the like), preferred.

9) **EXECUTIVES (QUALITY CONTROL)–2**
Location : Bhilai Ref: B-EQC-149)
Degree in Mech/Metallurgical Engg; experience in Foundry or Machine-shop with exposure to Inspection activities and non-destructive testing

10) **EXECUTIVES (INDUSTRIAL ENGG)-2**
Location : Bhilai Ref: EIE-150)
Engg degree with formal academic & job-experience background in Industrial Engg

Compensation: They are quite liberal in compensating right people; liberal perks, in addition to salary.

Please apply, *in strict confidence,* with detailed bio-data marking the envelope with appropriate job title, & reference number, mentioning preferred regions/locations, within 10 days to :

Professor K. K. MEHAN
MEHAN AND ASSOCIATES, *Management Consultants*
Fifth North South Road, Juhu Vile Parle Scheme BOMBAY 400 049
Phones: 620 0956; 620 4940

Our primary concern, of course, is Management Consultancy/Training in Organisation Development/HRD Systems with special reference to building of motivational climate in the organisation. But we do maintain a Manpower Data Bank. You are welcome to contact us, if looking for a change anywhere in India.

We do not divulge candidate's identity to his present employer, without consent.

CHIEF EXECUTIVE

WESTERN INDIA **ATTRACTIVE TERMS**

A multi-product business group with a turnover of above Rs. 100 crores wishes to appoint a Chief Executive for its diversification project in dairy based **food processing** unit. The project is proposed to be in collaboration with a multi-national and located at the border of Madhya Pradesh and Maharashtra.

Based in Bombay and reporting to the Board of Directors, the incumbent would be independently responsible for managing the company's affairs, successful commissioning of the plant and achieving its targeted performance. He would be responsible for overall efficiency and effective handling of the plant by supervising the entire gamut of technical, commercial and administrative functions including liaisoning with government agencies.

The candidate should be an Engineer preferably with qualification in Management. He should be around 45 years of age with a minimum of 15 years experience of which at least 5 years should be in a senior capacity.

Good communication and interpersonal skills to lead a team of professionals is a must for this position.

The compensation package is attractive.

Please apply within 10 days to:

LOVELOCK & LEWES (MCS-962)
Mahindra House
15 J. N. Heredia Marg
Ballard Estate
Bombay 400 038.

PRESIDENT – LEASING

A professionally managed leasing company, which is part of one of the fastest growing industrial groups in the country requires a PRESIDENT at Calcutta. The incumbent will report directly to the Director.

The job entails responsibility for marketing the Company's leasing / HP schemes; credit appraisal and preliminary investigation and liaison with manufacturers / dealers / customers. The incumbent should be innovative, dynamic and result oriented. He should possess excellent communication skills and an ability to achieve stiff targets. He should be competent to motivate and lead a professional team.

The incumbent should be a Graduate, MBA / CA with a minimum of 5–8 years experience in the leasing / HP industry. Salary will be commensurate with qualification and experience and will not be a constraint for the right candidate.

Interested candidates may apply in strict confidence giving details of age, qualifications, experience and salary drawn within 10 days to Box No. AA/LI/287/4. **Business India**, Krishna Villa, 100 Park St., Calcutta 700 017.

Our client, a reputed, well established Architects and Consulting Engineers wishes to recruit:

EXECUTIVE DIRECTOR

(PKF 89-12)

Attractive Salary + Perks

The incumbent would be required to undertake independent responsibility for the management of large projects from their inception to fruition, connected with Pharmaceutical and Chemical industry. He should also have an ability to understand clients' requirement in respect of the equipment required for such plants as well as special conditioning systems.

The selected candidate would be an Engineer with a proven record of having successfully set up pharmaceutical and chemical plants in India and abroad with a capacity of taking independent decisions and to interact/liaise with the clients at the highest levels. He shall not be more than 45 years.

The Company offers excellent prospects for the right candidate, since the present position has been especially created to assist the Managing Director due to the tremendous increase in the workload. The right incumbent would even be considered for the position of Additional Managing Director in the next 3-5 years.

Please apply with full particulars in utmost confidence and one recent passport-size photograph within 10 days, superscribing the envelope with the post applied for and the code number to:

PROJECT KNOWHOW FINANCE
SERVICES PTE.LTD.

413, Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi, Bombay 400025

New Commercial Advtg.

R & D MANAGER

A leading company in the field of Electrical/Electronic Test and Measuring Instruments needs an outstanding R&D Manager for their expansion programme.

Candidates must be graduates in Electronics/Communication Engineering with around 10 years experience in the field of Low and High Frequency Test and Measuring Instruments.

The R&D Manager, who will report directly to the Managing Director, will head the R&D, Quality Assurance and Technical Services Division and will be responsible for the selection, development/acquisition of knowhow and implementation of expansion programmes.

The salary and perquisite package is negotiable and has been designed to attract the best talent available in the country.

Please apply in strict confidence to:
A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref:MS/5022". Candidates not contacted within three months of the application may assume that they are not being considered

GENERAL MANAGER (MARKETING)

Western India **Attractive remuneration**

A large well known company in the consumer durable industry wishes to recruit an outstanding marketing professional to head the marketing function. The company has been a market leader and has ambitious growth plans.

The General Manager (Marketing) will be responsible for leading and motivating a large team of professionals in sales, marketing, service and spare parts to achieve targets and to develop new markets both in India and abroad. The position will report to the Managing Director.

Applicants must have at least 15 years experience in marketing in a competitive environment and at least 5 years in a senior management position. Applicants must have a proven track record in developing an organisation and instituting sound systems. Preferred age: around 40 years.

The remuneration will be tailored to attract the best talent.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
P. O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/5051"

ABC's major specialisations include • Corporate Consultancy • SWOT Analysis • MIS

GENERAL MANAGER
CEMENT MARKETING

South India
Premier City

Rs. 1 lac + House + Car + Perks

Our client is a well established, fast growing, multi-unit, multi-product Industrial Group with a turnover likely to exceed Rs. 100 crores shortly.

The incumbent will have total accountability for organising & controlling marketing & sales activities. He will increase & sustain market share and maintain a leadership position of the brand in the market.

Candidates should preferably be post-graduates in Business Management/Marketing with 15-20 years experience out of which 5 years should be as head of marketing in a large company handling Cement/Fertilizers/Paints/Consumer products. Should be outstanding marketing professionals with proven success in achieving ambitious targets. Age : Around 40.

The Group is progressive offering a challenging work environment and good growth prospects.

Apply within 10 days with detailed bio-data marking envelope & application with job title & code : GMM/MDS/1556. ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division

ABC CONSULTANTS PRIVATE LIMITED

4, Jagannathan Street, Madras 600 034. Tel. 470778

Project Reports • Insurance Consultancy • Data Processing

Materials Management • Organised Cost Reduction • Software Packages

A dynamic, fast growing company with foreign collaboration, who is a market leader in the process equipment field requires:

BRANCH MANAGERS

BOMBAY **BANGALORE**

We are looking for Leaders. With proven experience of atleast 8 years in the Marketing of Capital Goods to a diverse spectrum of industries like Chemical, Power, Process, Petrochemicals, Pharmaceuticals, Refinery etc. Preferred age 30-35. The ability to lead a team of dynamic Marketing Executives in a highly competitive market and a result oriented organizational environment is essential.

The organization offers a professional working atmosphere and excellent growth prospects. Being senior level appointments, remuneration will not be a limiting factor. Apply in confidence with detailed bio-data within 10 days to:

Box No.: AA/LR/287/6, **Business India** 59, Regal Building, Connaught Circus, New Delhi 110 001.

ABC's major specialisations include Corporate Consultancy

We have been retained by a fast expanding **Industrial Group** with diverse business interests to select 3 sales professionals for one of their **Consumer Durable Companies.**

REGIONAL MANAGER

Bombay **Rs 1 Lakh (Gross) + Perks**

He will be responsible for the entire sales & administration function in the Western Region consisting of Maharashtra, Gujarat and MP. Major thrust will be on new product launches, penetration of new markets, supervision & control of entire field sales staff, distribution of finished goods, monitoring receivables, office administration, etc. The ideal candidate will be Graduate with MBA Qualification in the age group 35-42 and selling experience in industries connected with **Building Products,** Tiles/Flooring, Paints, Particle Board, etc. Code RMSS/CAL/2555.

2 BRANCH MANAGERS

Bombay **Rs 75,000/- (Gross) + Perks**

They will be responsible for independent product groups for the entire state of Maharashtra and will report to the Regional Manager. Should be a Graduate in the age group 32-38 with similar qualification. Code BMSS/CAL/2556.

High Performers would have rewarding career opportunities. Terms will be attractive, but **no housing** will be provided. Please write to Deepak Rao, Consultant and mark the envelope & enclosures with respective job title & code.

(Personnel Selection Division)

ABC CONSULTANTS PRIVATE LIMITED

6A. Middleton Street, Calcutta 700 071; Phones: 292431/293078

O & M • Technology Transfer • Project Reports

Data Processing • Computer Software Packages • Materials Management

ABC's major specialisations include Corporate Consultancy

SWOT Analysis ● Systems & Procedure ● MIS

3 LEGAL MANAGERS

Delhi/Calcutta/Industrial Town

We have been retained by a **very large multinational** to select Legal Managers for their expanding operations. Sales turnover is slated to reach Rs 1000 Crores in the next 3/4 years. Applicants should be Law Graduates with a minimum of 3 years experience, either in a reputed Solicitor's Firm or in the Legal/Secretarial Department of an Industrial Organisation. They should be fully familiar with Company Law, MRTP, FERA, Mercantile Laws, Labour Laws, Taxation, Trade Marks, Patents, Copyrights. The position requires **special skills in drafting legal documents,** pleading and conducting litigation. They therefore, must have an excellent command over written & spoken English. Preferred Age Group 25-30. Monthly salary will be around Rs 5,000/- plus company leased flat, car loan & allowances, PF, Gratuity, Pension, Medical, LTA, etc. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code LM/CAL/2557.

ABC CONSULTANTS PRIVATE LIMITED

6A, Middleton Street, Calcutta 700 071: Phones: 292431/293078

Data Processing ● Computer Software Packages ● Materials Management

Marketing Manager
(Speciality Plastics)

Delhi/Bombay

THE COMPANY

Xpro India—the Plastics Division of Cimmco Ltd., a Multi-product, Multi-location company from the house of Birlas. Currently a major manufacturer of Coextruded Plastic Sheets and Films.

THE POSITION

Responsibility for marketing of a range of highly specialised plastic coextrusions for industrial applications and for the food packaging industry. The Product range is a result of advanced technology, relatively new to India and which will call for a high level of concept selling and developmental marketing. The products also have high export potential.

THE CANDIDATE

Should be a mature, result-oriented marketing professional with a strong technical orientation (preferably with an Engineering Degree and a formal management education), and a minimum 8 years experience.

The compensation package will be extremely attractive.

Please apply within 10 days with a detailed resume to :

Vice President

XPRO INDIA

(A Division of Cimmco Ltd.)

3, Scindia House, 2nd Floor, Janpath New Delhi - 110 001

Our clients are a well established fast growing Engineering Company in Gujarat, with Japanese collaboration, and an annual turnover of over Rs. 100 million. They require result-oriented individuals for the following Senior Positions:

MANAGER- FINANCE (Salary Rs. 6,000 p.m. and above)

C.A. with at least 10 years' experience, preferably in an Engineering Industry. Knowledge of costing, MIS and computerised systems will be an aded advantage.

MANAGER- EXPORTS (Salary Rs. 5,000 p.m. and above)

Graduate preferably with an Engineering background. Should have about 15 years' experience in Marketing, out of which at least 5 years should be in Exports. While the initial focus is on exporting clients' own products, ability to develop merchant exports will be an advantage.

SENIOR ACCOUNTS OFFICER (Salary Rs. 3,000 p.m. and above)

At least a B.Com., preferably with professional qualifications and about 15 years' experience. Should be able to handle accounts independently. Knowledge of at least some of the areas like Computers, I.T., S.T., Working Capital, Term Loans, MIS and Costing will be an added advantage.

The first two positions report directly to the M.D. or Chief Executive. The individuals must have initiative, good communication skills, leadership ability and professional attitude. **Salary will not be a constraint for the right candidate.** In addition, there is a package of benefits, which ranks amongst the best in the Industry.

Please apply with complete details specifying present and expected salary, photograph and contact telephone number to:

The Manager- Professional Recruitment Services
Management Services Division
Dalal Consultants *And Engineers Ltd.*
404, H. K. House, Ashram Road, Ahmedabad-380 009

Members of our data bank need send only membership numbers

ANU
CEILING FANS

MANAGER

SALARY-ATTRACTIVE

We are a member of ANU group of companies, the leading manufacturers of Engineering items having an annual turnover exceeding Rs.10 million. Our group has ambitious diversification plans. For our ceiling fan manufacturing unit at HYDERABAD, we are looking for a dynamic and result-oriented Manager to look after Purchase, Stores and Manufacturing of Ceiling Fans. He can be considered to take over all the functions of the unit as Chief Executive over a period of time depending upon his merit and skills.

Graduates with minimum 7 years experience in any reputed fan manufacturing unit only should apply within 15 days to:

JOINT MANAGING DIRECTOR,
ANUKOOL ENGINEERING PVT. LTD.
7-1-216, NATURE CURE HOSPITAL ROAD,
AMEERPET, HYDERABAD — 500 016.

"Protection will result in retaliation"

The British feel that India is still a relatively closed economy which is hampering the inflow of foreign investment. And, with the single European market due in 1992, the only way out for Indian industry is to gear up to face international competition. On behalf of Business India, *Dilip Cherian and Anoop Saxena talked to* **Lord David Young** *of Graffham, the British Secretary of State for Trade and Industry, who pointed out, among other things, that efficiency and the public sector do not seem to go together*

You have often said that you would like to see more British investment in India. What is preventing British businessmen from doing just that?
For a number of years, India has been protectionist. Though the regime is now being relaxed, there are still restrictions which keep people away. For example, curbs like only 40 per cent equity participation for foreigners and renewal of residence permit on an annual basis do not give much confidence. Today, the UK is the second largest investor in the world. But, British investment has not taken place in India because the US and other countries are a much easier and more attractive proposition.

Do you think the curbs on foreign equity are really a problem, because in India you can go up to 100 per cent in cent per cent export oriented units?
I think, India is a very attractive market and you can gain a great deal in terms of balance of payments by allowing foreign companies to set up units and, thereby, stop imports. The Japanese have set up a car manufacturing plant in Britain to produce 200,000 cars per annum. They only get their dividends but we have got 5,000 additional jobs; besides 80 per cent of the components are supplied by British firms. What is more important is import substitution; the 200,000 cars which would have been imported by us in any case are now produced indigenously.

It is noticed that in most of your project tied assistance, your people insist that capital equipment is procured from British firms. This often deprives order starved Indian industry of sales outlets and creates bad blood. Would you favour a system where equipment for your aided projects is procured through global tenders?
We have the largest aid programme in India and gave £ 875 million between 1981-87. It is a perfectly standard practice to specify the firms from which equipment should be procured and we would continue with it. Moreover, I can't see circumstances where the British government pays to help Japanese suppliers. But, if the Japanese government wishes to help British suppliers, I would welcome it.

The United Kingdom has been passing through a process of privatisation. What are the lessons you have learnt from your experience? Is the public sector heading towards extinction?
We invented nationalisation and have now reinvented privatisation. I have not seen any British nationalised industry ever work successfully at any time. There is something about the process of government which is unsuited to industry. The job of the government is to create a climate for investment, keep inflation down, maintain a strong economy and let industry get on with it. Yes, the public sector industry is heading towards extinction in Britain.

Will the setting up of a single Eur market in 1992 end the specia tionship which has existed be India and the United Kingdom?
A single European market will onl Indian companies rather than them. I have told your commerce m Dinesh Singh and Indian manufac that you have to produce goods the peans want, particularly the right q And, if you can establish yourself British market, in 1992 instead million people you would have a r of 320 million people in Europe. M ond message is to look at other s besides the traditional areas.

What remedies would you sugg rectifying the trade imbalance India currently faces with the U
I don't think the trade imbalance is as people think it is. Of the total two-way turnover of £ 1.6 billion la the UK sold about £ 1.1 billion wor India between £ 500,000 and 6 worth. But, if you take out diar then almost the entire trade de India is wiped out. And, I don't rec name of any diamond mine in the have a far bigger trade imbalanc you have. There is nothing we can d only way out is to start producing you can sell.

India is a developing country a not compromise its position i tion to services in GATT and the Convention on patent laws. Brit taken a stand which is against I interests. Don't you think that it be in the interests of friendshi you appreciate India's position
Protection will only result in ret action; besides you tend to lose yo petitive edge. I am convinced th only way is to make it open throu tilateral trade negotiations i Uruguay Round of GATT. That is w so important that India should leading role in the next GATT ro

In the matter of patents you g tection for only seven years, which sufficient for a company which vested a lot of money in research deprives you of the latest drug protection only for seven years that the Indian company can start facturing a drug and exporting it wide in competition with its British collaborator.

REG. No. MH –
SOUTH 6